

# Greek Tanker Attacked

## Iranian Gunboat Blamed in Raid; No One Injured

**Compiled by Our Staff From Dispatches**  
**LONDON** — A Greek tanker came under attack Tuesday in the Gulf, apparently from an Iranian gunboat, but no casualties were reported, Lloyd's Shipping Intelligence said.  
Lloyd's quoted information from sources it declined to identify that the 38,629-ton Koronia was hit in the southern Gulf.  
"There were no casualties and the vessel is thought to be proceeding under its own power," Lloyd's said. The Koronia is owned by Pallas Shipping Corp. of Piraeus.  
Three British minesweepers, responding to a U.S. request for assistance Tuesday off the coast of the United Arab Emirates between Dubai and an Iranian Revolutionary Guard island base, during their first operation in the Gulf.  
The Bicester and two other Royal Navy minesweepers, the Bracon and Hwms, entered the Gulf through the Strait of Hormuz on Monday.  
They began operating after the U.S. guided missile destroyer Kidd and one of its anti-aircraft helicopters spotted what might have been three mines 15 miles (24 kilometers) off the coast of Dubai, one of the United Arab Emirates, in the south-central Gulf.  
Shipping sources said Iran might have planted the mines spotted in the Dubai channel in response to a U.S. attack on an Iranian missile-launching ship Sept. 14 and Iraqi missile attacks over the weekend on tankers in Iranian service.  
Also Tuesday, Iraq sent warplanes 560 miles (900 kilometers) into Iran, bombing an arms factory near Tehran and the Neza power station near the Iran-Soviet border, an Iraqi military communiqué said.  
Shipping sources confirmed an Iraqi report that warplanes also attacked and set afire a tanker, the *Klick*, off the Iranian coast.  
"In Washington, the Pentagon said a Kuwaiti vessel and its U.S. escort, the 16th-mine force, got under way Monday night in the Gulf."  
The U.S.-registered Kuwaiti tanker *Glenn*, which carries liquefied natural gas, and the guided missile frigate *Hawes* proceeded uneventfully through the central Gulf on Tuesday, according to the Pentagon. (Reuters, UPI)

### U.S. Embargo Approved

The U.S. Senate approved an embargo on Iranian crude oil and other imports, 93-0, Tuesday as an amendment to the 1988 military spending bill, Reuters reported from Washington.

### Klosk

#### U.S. Is Suspending Aid to Pakistan

WASHINGTON (NYT) — Congress has suspended aid to Pakistan for six weeks to allow time to determine what to do about Pakistan's apparent effort to develop nuclear arms.  
Pakistan has been receiving American aid under a congressional waiver that allows the provision of U.S. aid despite concern over Pakistan's nuclear program. But that six-year waiver is set to expire Wednesday and was not extended Friday when Congress approved a stop-gap spending resolution.



Henry Ford 2d, the auto-maker, died in Detroit on Tuesday at 70. Page 5.

### GENERAL NEWS

■ Fiji's coup leader has decided to leave the Commonwealth and declare a republic. Page 2.

### BUSINESS/FINANCE

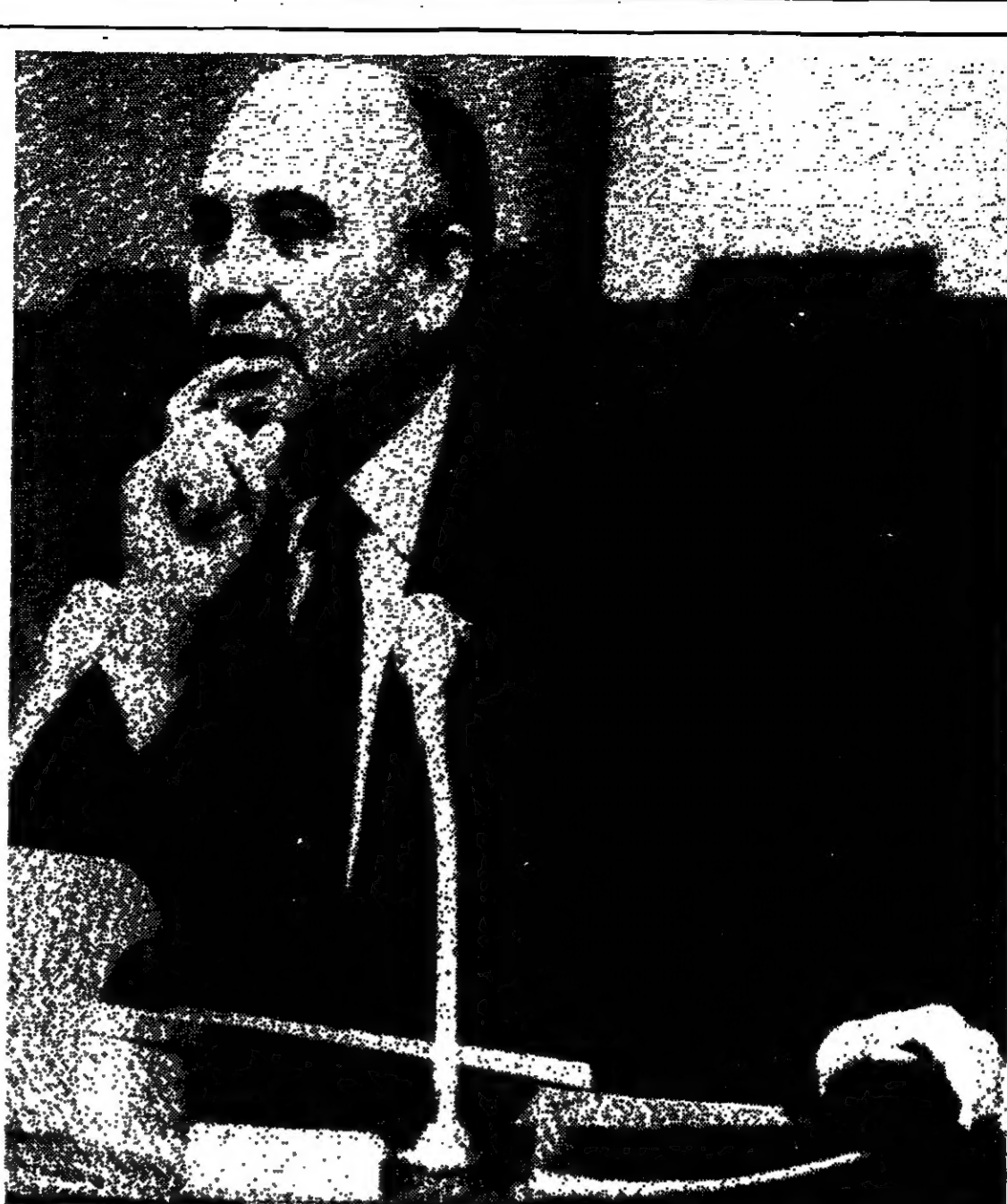
■ Salomon Brothers has turned down a Revlon offer to buy a substantial stake. Page 11.

Dow Jones: DOWN 10.93  
The dollar in New York:  
DM £ Yen FF  
1.841 1.6275 146.55 6.1285

# Gorbachev's Absence Ends After 52 Days

## MOSCOW — After an uncharacteristic 52-day absence from public view, Mikhail S. Gorbachev was back at work in the Kremlin on Tuesday, meeting with a French delegation and looking tanner, slimmer and in good humor.

"I believe there has been some suggestion that I have taken too long a vacation," he told the group. "I can tell you I earned it."  
Mr. Gorbachev's energetic performance cut short some of the wilder rumors that had circulated about his health.  
But it showed that despite calls for more openness in society, the Kremlin had not yet allowed the light of glasnost to shine on its own internal doings.  
Official assurances given to Western reporters over the last week that Mr. Gorbachev was on vacation and in good health were not presented to the Soviet public. The silence, punctuated only by articles and messages in the press signed by Mr. Gorbachev, fueled rumors that he was ailing, or worse.  
It may never be known why Mr. Gorbachev absented himself for such a long period. Reports persist that either he or his wife, Raisa, was ill.  
Another theory, presented by Soviet sources, is that after a steady run of public appearances he decided to avoid overexposure and dampen any signs of an incipient "cult of personality."  
In his meeting Tuesday with the 370-member Franco-U.S.S.R. Friendship Society, Mr. Gorbachev employed his relaxed, gregarious style to deflect the issue of his absence.  
He said his vacation had been a "fruitful" one, giving him time to finish a book and prepare a major speech for the Nov. 7 celebrations of the 70th anniversary of the Russian Revolution.  
He also took the opportunity to reaffirm his political strength.  
"There is no political opposition in the Soviet Union," he asserted, and he added that the process of "restructuring is gathering strength." But he warned against the "vain aspirations" of those who might seek to use the new openness in Soviet society to instigate "social upheaval."



Mikhail S. Gorbachev addressing a French delegation in Moscow on Tuesday.

# In the Glasnost Debate, 2 Conservatives Speak Out

**By Celestine Bohlen**  
**Washington Post Service**  
**MOSCOW** — In the debates now raging among the Soviet elites about history, culture and how far to take Mikhail S. Gorbachev's new policy of openness, conservatives have found two powerful allies in Yegor K. Ligachev, second only to Mr. Gorbachev in the ruling Politburo, and Viktor M. Chebrikov, head of the KGB security police.  
In recent weeks Mr. Ligachev has stepped up his criticism of a widening review of Soviet history, defending the war of Stalin and Leonid I. Brezhnev as periods that did the country as much good as harm.

The party ideologist has also called newspaper editors to task for articles that trespass across the ill-defined limits of glasnost, as he sees it, and has sounded warnings against the infiltration of "mass bourgeois culture" into Soviet society.  
Despite these actions, a number of Western analysts are reluctant to describe Mr. Ligachev, who is 64, as an opponent of Mr. Gorbachev, although some say he may be positioning himself as a potential rival at a future point.  
Instead, they see him exercising his role as ideological chief, setting the limits of the debate and drawing in those conservative elements

that are alienated by Mr. Gorbachev's cultural reforms.  
They note, for instance, Mr. Ligachev's broad support for Mr. Gorbachev's economic and social reforms and his reputed role in some of the early efforts to open public debate.  
Mr. Ligachev was widely credited with the decision last year to release the film "Repentance," an allegorical treatment of Stalin's terror.  
But as the process of glasnost moves forward, Mr. Ligachev has joined ranks with conservatives on a number of issues.  
In March he criticized the "exaggerated assessment" of long-suppressed literary works now appearing in print, aligning himself with the old guard in the writers' union, who have attacked what one called the phenomenon of "Nabokovitis," after the Russian émigré writer Vladimir Nabokov, whose works are now being published in the Soviet Union for the first time.  
Mr. Ligachev's voice was echoed by Mr. Chebrikov, who is 64. In a speech on Sept. 10 he accused the Soviet Union's enemies of trying to force "individual representatives of the artistic intelligentsia into the position of criticism, demagoguery and nihilism."  
By assigning the "services of imperialism" a role in Soviet internal

# Reagan Exhorts Bonn, Tokyo to Show Courage in Growth Policy

## By Hobart Rowen

**WASHINGTON** — President Ronald Reagan, capitalizing on his decision to sign legislation Tuesday reinstating U.S. budget deficit targets, called on West Germany and Japan to show "the same political gumption" by taking steps to stimulate their economies.  
In an address to the 42d annual joint meeting of the World Bank and the International Monetary Fund, Mr. Reagan said he had made "a tough decision" in signing the bill, which will breathe new life into congressional efforts to balance the U.S. budget.  
The measure requires that the budget deficit be reduced by \$23 billion in fiscal 1988. Mr. Reagan signed the bill even though he objected to portions that could result in tax increases or cuts in the military budget. (Story, Page 6.)  
"It should be seen as a signal that America is not backing down from its responsibilities," he said, referring to the effect that the budget deficit has on the global economy.  
"But having made this decision, I call on the surplus countries to do the same: to find the political gumption to stimulate their economies without reigniting the fires of inflation," he said.  
Mr. Reagan thereby endorsed a similar request by the IMF and World Bank for expansionary policies in West Germany and Japan. Some of those calls have been rejected by authorities in Bonn and Tokyo as impossible, or counterproductive.  
But the president argued that "as U.S. budget and trade deficits decline, other countries must pick up the slack, particularly on imports from developing countries."  
Mr. Reagan's detailed speech, which focused on the benefits of market-oriented free societies, was well received by the delegates from 151 countries. His main themes were the need to oppose protectionism, to go further in solving Third World debt and to provide more money for the World Bank.  
Barber B. Conable Jr., president of the World Bank, and Michel Camdessus, managing director of the IMF, called separately for new money and fresh initiatives to cope with the accelerating Third World debt crisis.  
Mr. Camdessus said that the fund "must stand ready" to modify

its guidelines so it can play a stronger role in solving the debt crisis.  
Mr. Conable, aware that the World Bank lost momentum in the backlash that followed its reorganization plan, pledged "strong action on debt, firm support for economic reform and adjustment," and "new initiatives to promote the private sector."  
The similarity of the two speeches reflected the erosion of differences between the roles of the two institutions. The bank traditionally has focused on long-term projects and loans and the IMF on shorter, balance-of-payments financing.  
But the overwhelming nature of the debt problem has forced the agencies to deal with some of the same issues, often in the same countries.  
Mr. Camdessus painted a somewhat grim picture of world economic growth, asserting that prospects for continuing the five-year expansion were fragile. "The situation of many of the poorest countries defies description," he said.  
He pleaded again for a tripling of the IMF's Structural Adjustment Facility, a fund for encouraging growth in the poorest countries, to \$9 billion.  
Treasury Secretary James A. Baker 3d has called on West Germany and Japan to put up most of the extra money, which they have declined to do.  
Mr. Reagan acknowledged that government has a responsibility to help shape a solution to Third World debt, estimated at \$1 trillion.  
"The huge debt burden carried in the Third World is not just their problem; it is our problem," he said. "And today let us pledge: 'We will solve it together.'"  
By asserting that "there are no easy answers or quick fixes," Mr. Reagan implicitly ruled out the more radical debt solutions.  
Mr. Baker, who played a key role in shaping the speech, has for the moment ruled out the establishment of a new facility at the World Bank or elsewhere that would buy debt at a discount and share the benefits with the debtor countries.

### Volcker to Advise Bank

Mr. Conable said Tuesday that Paul A. Volcker, who stepped down as Federal Reserve Board chairman in August, would advise the World Bank on international debt issues. Reuters reported.

# Worldwide Nutrient Tests Raise Hopes of Preventing Cancer

**By Jane R. Brody**  
**New York Times Service**  
**NEW YORK** — Tens of thousands of people in the United States and abroad are taking nutrient supplements in unusual experiments that, if successful, will usher in a new era in the war against cancer: chemoprevention.  
The goal of the studies, most of which are sponsored by the National Cancer Institute, is to determine whether nutrients can be used like drugs to ward off the development of cancer, especially in high-risk individuals such as cigarette smokers and people with premalignant lesions.  
Although there have been numerous public health recommendations to modify diet to prevent cancer, all represent educated guesses based on population studies, not rigorous research findings.  
The new effort is the first scientific attempt to prevent cancer by intervening with active treat-

ment instead of simply removing exposure to carcinogens.  
Nearly two dozen studies are under way. Although they are two to five years from completion, Dr. Peter Greenwald, director of the institute's Division of Cancer Prevention and Control, said he believed chemoprevention had "real promise" for reducing the incidence of cancer in the United States.  
He said he was encouraged by several small studies that showed chemoprevention could retard or even reverse changes in cells that precede the development of cancer.  
Dr. Greenwald emphasized, however, that there was as yet "no proof that nutrients prevent cancer and no data to justify self-treatment with nutrient supplements," especially since some of the nutrients could cause toxic side effects.  
On the other hand, he said he would urge people

to increase their consumption of foods rich in the nutrients believed to have anti-cancer properties, among them vitamins A, C, E and B-12, folic acid, beta-carotene, selenium and fiber.  
Among the cancers that these various nutrients might help thwart are cancers of the lung, breast, cervix, bladder, colon, esophagus, stomach and skin.  
Evidence points only to a possible preventive role of nutrient supplements, not to any ability to cure existing cancers.  
There are four types of studies under way, involving different groups of people:  
● Large populations of healthy individuals. In the United States, 23,000 male physicians are testing supplements of beta-carotene either alone or with aspirin to see if the incidence of cancer and heart disease can be lowered. In Finland, 19,000

smokers are taking beta-carotene or vitamin E to see if either can prevent lung cancer.  
● High-risk individuals. Asbestos workers who smoke and have evidence of asbestos-caused lung damage are testing the ability of beta-carotene and vitamin A to prevent lung cancer and mesothelioma, a cancer that arises in the wall of the chest or abdomen.  
● Individuals with precancerous lesions. In China, in an area where the death rate from esophageal cancer is extraordinarily high, people with cell abnormalities in the esophagus are testing a multi-vitamin-mineral combination.  
● Patients who have been treated for one cancer. In Italy, 5,000 women who have had cancer in one breast are testing a synthetic form of vitamin A to see if it might prevent cancer from arising in the other breast. In New Hampshire 1,200 people who

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# Exodus Remembered

## Jews Gather to Mark 1947 Odyssey That Helped Force Israel's Creation

**By Glenn Frankel**  
**Washington Post Service**  
**HAIFA, Israel** — The sun had just risen but it was already hot in the south of France, Noah Klieger remembers, when people started piling out of trucks and into the improbable vessel of their deliverance, a decrepit Chesapeake Bay cruise ship called the President Warfield.  
They were European Jews, most of them survivors of the Nazi death camps, people with no papers, no passports and no place to go.  
There were 4,554 of them, including 1,732 women and 955 children, and they had only one destination in mind: Palestine. By nightfall, the President Warfield was steaming in that direction with British warships on its tail and a new name, the Exodus, on its bow.  
"We thought we were just another blockade runner trying to make our way to the Land of Israel," said Mr. Klieger, a crew member on that fateful July 1947 voyage. "But then history took us over."  
The voyage turned into a two-month odyssey when the British refused to allow the ship to land.

came a world-renowned symbol of Jewish longing for a homeland and the last symbolic nail in the coffin of British colonial rule. Eight months later, the state of Israel was born.  
Monday night, as part of a year-long celebration to honor the 40th anniversary of the voyage of the Exodus, hundreds of passengers, crew members and others involved in the Jewish independence movement gathered in Tel Aviv for a festive assembly in an auditorium whose stage was designed to resemble the ship. Government ministers and politicians toasted the aging heroes.  
Earlier Monday, though, there was a more modest and bittersweet reunion aboard a small excursion boat in Haifa, a port city that was the destination of the original Exodus.  
As the boat wound its way from Haifa to Tel Aviv on a sentimental voyage, members of the Exodus crew joined 130 young Jews, most of them from the United States, to talk about the veterans' experiences and to mourn, in passing, the loss of the Zionist idealism that drove



Jewish refugees being taken from a British ship in Hamburg after the Exodus was prevented from landing in Israel.

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# Rebutting Article, Yale President Says It Is Not 'a Gay School'

By Nick Ravo  
New York Times Service

NEW HAVEN, Connecticut — A sternly worded, three-page letter from the president of Yale University has been sent to 2,000 volunteer fund raisers, rebutting an article in The Wall Street Journal depicting Yale as "a gay school."

An official with the Yale Alumni Fund said the letter was sent to assuage angered alumni and potential donors who had contacted Yale after the article appeared Aug. 4 on The Journal's Leisure and Arts page.

"Alumni were calling up and going 'Is this Yale?' or 'How could The Wall Street Journal print something like this?'" the official said.

The article, under the headline "Lipsticks and Lords: Yale's New Look," was an impressionistic first-person essay by a free-lance writer, Julie V. Lovine, who described how the 284-year-old university had changed since she graduated in 1977. Though much of the essay dealt with fraternities and campus

party rituals, in the first third it stated that "suddenly, Yale has a reputation as a gay school."

Yale's president, Benno C. Schmidt Jr., attacked the article as "journalistic drivel" and dismissed the Yale-turned-gay theme as an impression from a few students extrapolated into "an extremely misleading picture of the student body."

Raymond Sokolov, the editor of The Journal's Leisure and Arts page, defended the article as a personal view of someone who has lived in the community for the last 10 years. He also pointed out that it appeared on one of the newspaper's three opinion pages.

"I stand by Ms. Lovine's story," he said. "I'm sorry Mr. Schmidt didn't like it."

Ms. Lovine's thesis is based on her insights as a part-time New Haven resident and on three interviews she said she conducted with Yale students, one of whom, Sara Cohen, told her that before registering last September she had received a "notice" that one in four Yale students was homosexual.

In the article, Ms. Cohen described how lesbians at the school are divided into two factions: "lipsticks," who are high-fashion "radical-chic lesbians," and

"crunchies," described as "granola" lesbians with "old-fashioned utopian ideas about feminism."

Male homosexuals are dismissed as "assimilationists" who "don't want to draw attention to their sexuality."

Besides the tone of the essay, Yale students and officials, both heterosexual and homosexual, have criticized Ms. Lovine for interviewing only three persons and for not double-checking their assertions.

In his letter, dated Sept. 17, Mr. Schmidt said no one at Yale had knowledge of a mailing stating that 25 percent of Yale's 10,000 students were homosexual. He also added that no one knew how many gay students attended Yale, and that a 1986 survey in The Yale Daily News stated that 3 percent of the males and 1 percent of the women in 11 of the university's 12 colleges were homosexual.

"I can understand your concern about the nonsense," Mr. Schmidt wrote in the letter, which university officials said was not intended to be made public.

"If I thought there were any truth to the article, I would be concerned, too."

"The article resorted to innuendo and exaggeration to paint a lurid picture of this place," the letter stated. "No responsible newspaper would run such a piece by an unknown writer, not a reporter, and without checking to test for minimal accuracy."

"I know of no one except Ms. Lovine, here or outside the university, who considers Yale a 'gay school,'" the letter continued.

Ms. Lovine, 32, is working on an article for The Yale Alumni Magazine. She said the reaction to her article had been "interesting."

"People have been coming up to me and saying, 'You didn't go far enough,'" she said. "It was meant as a glancing view of a couple of things standing out at Yale from the perspective of someone from 10 years ago."

[Ms. Lovine said Tuesday that she thought the president had reacted unfairly to her article, The Associated Press reported.]

"I think the reaction has been really extreme," she said. "He's really taking some low blows. I assume that he's been forced to do that by alumni."

## Fijian Coup Leader Decides to Leave Commonwealth, Declare a Republic

Reuters

LONDON — The colonel who led a coup on Fiji announced plans Tuesday to declare a republic, taking the territory out of the Commonwealth group of nations.

The move by Lieutenant Colonel Sitiveni Rabuka drew criticism from Britain, including a rare public intervention from Queen Elizabeth II, as well as Australia, which announced a suspension of aid, and New Zealand.

The queen has been head of state in Fiji, a former British colony independent for 17 years, represented by her governor-general, Sir Penaia Ganilau.

But Colonel Rabuka said in the heavily guarded capital of Suva that he would soon abolish the constitution, eliminating the post of governor-general and the judiciary. It was his first news conference since Friday's military takeover, his second in Fiji since May.

He angered fellow Commonwealth nations, sensitive on race issues, by declaring that he staged the second coup to ensure permanent political supremacy for ethnic Fijians, slightly outnumbered by ethnic Indians in the population of 714,000 in the island chain.

Asked if Fiji had effectively removed itself from the Commonwealth, had broken ties with the queen and become a de facto republic, Colonel Rabuka replied: "De facto, yes."

The new administration did not recognize the authority of the queen's governor-general, he said.

Britain condemned his plan to declare a republic, ending a 113-year link with the British monarchy. The foreign secretary, Sir Geoffrey Howe, said the colonel risked greatly increasing "the tragic

damage already inflicted by the coup."

The queen, through a Buckingham Palace spokesman, said she would be deeply saddened if long-held bonds of loyalty and affection between the Fijian people and the monarchy were to be severed.

"Her majesty hopes that even now the process of restoring Fiji to constitutional authority might be resumed," a palace statement said.

By declaring a republic, Fiji would automatically exclude itself from the Commonwealth unless, like India, it could get unanimous support for readmission. Commonwealth leaders are to meet in Vancouver, British Columbia, on Oct. 13-17.

The Commonwealth's secretary-general, Sir Shridath Ramphal, said in a radio interview that this support would be unlikely for Colonel Rabuka's administration.

As well as direct economic aid, the Commonwealth provides scientific and legal advisers and supports Fiji's interests in world economic organizations like the International Monetary Fund.

The Commonwealth's secretary-general said it refused to recognize Colonel Rabuka's authority.

In Canberra, the Australian foreign minister, Bill Hayden, said Australia would not recognize any government proclaimed by Colonel Rabuka and would suspend aid to Fiji. But he has already ruled out trade or economic sanctions as ineffective.

In Wellington, New Zealand's foreign minister, Russell Marshall, said New Zealand would not recognize Colonel Rabuka as the legitimate authority.



Colonel Sitiveni Rabuka, Fiji's military leader, greeted a Fijian soldier, an ethnic Indian, Tuesday as soldiers returned from peacekeeping duties with UN forces in the Middle East.

## CANCER: Nutrients Tested in Hopes for Prevention

(Continued from Page 1)

have had a malignant polyp removed from the colon or rectum are testing the ability of beta-carotene or vitamins C and E to prevent the formation of additional polyps. "If these larger studies confirm the promise shown in earlier pilot

studies, they will cause quite a revolution in thinking in this area," said Dr. John S. Bertram, director of basic science at the Cancer Research Center of Hawaii.

The use of nutrient supplements in the fight against cancer is an approach long touted by health food enthusiasts. But until recently it was ignored or scorned by the medical establishment.

Numerous studies during the last decade suggested, however, that dietary factors could significantly influence the risk of developing certain common cancers. For example, smokers whose diets were deficient in foods rich in vitamin A or beta-carotene, which is the plant form of vitamin A, were found to be more likely to develop lung cancer, and low vitamin C intake was linked to increased risk of develop-

ing esophagus and stomach cancers.

Furthermore, as researchers began to unravel the long and complex process by which cancers arise in people, it seemed possible and logical to try to intervene chemically to disrupt the progression from normal to malignant.

In addition to nutrients, various drugs and food additives might prove useful as chemopreventive agents. For example, the preservative BHT, often added to the packaging material of dry cereals, has been shown in laboratory tests to inhibit the development of cancer.

Dr. Greenwald said the cancer institute had established a test to identify chemopreventive agents. "We've already found about 600 different chemicals that might do something to influence cancer risk, and 54 of the most promising ones are being further tested this year in animal models," he said.

Those that show significant cancer-preventing activity in animals would then be tested for toxicity to see which might be safe to try in people. This approach is comparable to that used in the highly successful program to identify effective cancer drugs.

"Of course, the most desirable method of preventing cancer is to remove the sources of exposure to carcinogens, for example, by stopping smoking," said Dr. Bertram of the Hawaii research center. "But we'll never be able to remove from the environment all cancer-causing substances. In those cases, if chemoprevention works out, maybe we can alter the consequences of exposure."

## Turkey Expected To Get F-16s Soon

Reuters

ANKARA — Turkey will take delivery next month of its first U.S.-designed F-16 fighters to boost defenses on NATO's southeastern flank, aviation sources said Tuesday.

Turkey has ordered 160 of the jets to replace aging U.S. F-4, F-5 and F-104 jets in frontline squadrons. The first eight will be delivered from the United States and the remainder produced in a U.S.-Turkish joint venture at Turkey's Murted Air Base, east of Ankara, up to 1994.

"problem," he said. IBM confirmed Mr. Behrens' account.

Pentagon officials contend that sending the computer to Transnautic was tantamount to sending it directly to the Soviet Union.

"This is an egregious case, and the Defense Department discovered it almost accidentally," said Fred C. Ikle, an undersecretary of defense.

Interviews with industry officials in the United States and in Europe, however, including officials of Transnautic, cast serious doubt on the Pentagon's arguments that U.S. security has been compromised.

The case began in September 1986 when IBM Germany applied to the Commerce Department for a license to ship a Model 4381 mainframe. The machine's technology is five years old but it is among the more powerful IBM computers.

The application listed Transnautic, which owned a smaller version of the 4381, as the customer.

Officials of Transnautic, a shipping company based in Hamburg, said they viewed the computer transaction as a routine West-to-West sale.

"As long as I have worked at this company, 10 or 11 years, we have had computers from IBM, regularly replacing them with more modern or up-to-date ones," said Klaus Behrens, the managing director.

The computers, he said, have never left West Germany, and were frequently serviced by IBM technicians. "There was never the least

## WORLD BRIEFS

### 2 Kims Fail to Agree on Candidacy

TOKYO (NYT) — A potentially ruinous split loomed before South Korea's opposition as its two dominant figures announced that they had failed Tuesday to agree which would be their party's candidate in approaching presidential elections.

Each of the two anti-government leaders, Kim Young Sam and Kim Dae Jung, was said to have insisted during a private meeting that he was the better choice and that the other man should drop out. "We regret we could not agree today on a single candidacy, which is the people's ardent aspiration," they said in a joint statement.

Neither showed a willingness to compromise to achieve their often-stated goal of uniting behind a single candidate to defeat the government party's choice, Roh Tae Woo. Unity between them is considered critical if they hope to beat Mr. Roh in the first freely held presidential elections in South Korea in 16 years.

The impasse guaranteed that the two Kims would not meet their self-imposed deadline of Sept. 30 for reaching agreement. It also increased the chances that they would go their separate ways, with both running, thereby effectively splitting the Reformist Democratic Party. The elections are likely to be held in mid-December.

### Police Raid Hamburg Computer Club

HAMBURG (Reuters) — West German and French police have raided the Hamburg computer club whose members asserted they had broken into a top-secret U.S. computer network, the Hamburg state prosecutors office said Tuesday.

A spokesman said that officers of the computer crime division, the federal criminal bureau and French police on Monday searched the headquarters of the Hamburg Chaos Computer Club and the apartments of three members.

Several research centers and companies, including the European Nuclear Research Center in Geneva and the French subsidiary of the Dutch electronics company Philips NV, had asked for legal action to be taken against the club, he said. Data in their computer systems had either been changed or erased.

### Israel and China Set High-Level Talks

JERUSALEM (Combined Dispatches) — Foreign Minister Shimon Peres will meet this week in New York with his Chinese counterpart, Wu Xueqian, in the high-level contacts ever between the two countries, the Foreign Ministry announced Tuesday.

A ministry official who asked not to be named said that Mr. Peres and Mr. Wu would meet Wednesday at the Chinese mission to the United Nations and would discuss bilateral relations and the Middle East peace process. Under a proposal backed by Mr. Peres, China and other permanent members of the UN Security Council would take part in an international Middle East peace conference. However, Mr. Peres has said that China must establish diplomatic ties with Israel before it can attend the conference.

In the last few months, there have been several low-level contacts between the two countries. Press reports in Jerusalem and abroad said they had been paralleled by rapid growth in discreet trade ties. (AP, Reuters)

### For the Record

President Habib Bourguiba of Tunisia named Abdelmalek Laroui head of the governing Destourian Socialist Party on Tuesday in one of several government changes aimed at dealing with Moslem fundamentalist unrest. (AFP)

Israel's prime minister, Yitzhak Shamir, said Tuesday that a visit next month by the U.S. secretary of state, George P. Shultz, would not persuade him to accept an international Middle East peace conference. Israeli officials said Mr. Shultz's surprise decision to visit the Middle East on his way to Moscow for arms talks did not herald any breakthrough in peace efforts. (Reuters)

### TRAVEL UPDATE

#### California Bans Smoking on Flights

LOS ANGELES (WP) — Governor George Deukmejian of California has signed legislation banning smoking on airline flights that begin and end in California. The first law of its kind in the United States, it is seen as a psychological boost to an intense campaign for a national ban.

The law, passed by large margins in both houses of the state legislature, takes effect Jan. 1 and applies to the San Francisco to Los Angeles air corridor, the busiest in the country. But experts expect it to be tested first in the courts.

The law also bans smoking on bus and train trips within the state and in 75 percent of the space in airports and other public transit centers.

Aeroflot, the Soviet airline, and Aer Lingus of Ireland signed an agreement Tuesday to schedule direct flights between their countries. The two companies also agreed to extend the use of each other's airports as transit points for routes to other destinations. (AP)

### Correction

An article in Monday's editions misidentified Britain's chancellor of the exchequer, Nigel Lawson. Mr. Lawson has not been awarded a knighthood.

### BLUNDER: U.S. Error Allows Soviet-Owned Company to Buy Computer

(Continued from Page 1)

Japanese computer was shipped through a U.S. company.

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"As long as I have worked at this company, 10 or 11 years, we have had computers from IBM, regularly replacing them with more modern or up-to-date ones," said Klaus Behrens, the managing director.

The computers, he said, have never left West Germany, and were frequently serviced by IBM technicians. "There was never the least

problem," he said. IBM confirmed Mr. Behrens' account.

Pentagon officials contend that sending the computer to Transnautic was tantamount to sending it directly to the Soviet Union.

"This is an egregious case, and the Defense Department discovered it almost accidentally," said Fred C. Ikle, an undersecretary of defense.

Interviews with industry officials in the United States and in Europe, however, including officials of Transnautic, cast serious doubt on the Pentagon's arguments that U.S. security has been compromised.

The case began in September 1986 when IBM Germany applied to the Commerce Department for a license to ship a Model 4381 mainframe. The machine's technology is five years old but it is among the more powerful IBM computers.

The application listed Transnautic, which owned a smaller version of the 4381, as the customer.

Officials of Transnautic, a shipping company based in Hamburg, said they viewed the computer transaction as a routine West-to-West sale.

"As long as I have worked at this company, 10 or 11 years, we have had computers from IBM, regularly replacing them with more modern or up-to-date ones," said Klaus Behrens, the managing director.

During the appeal, however, Mr. Freedberg said, the United States was approached by West German officials who argued that the sale was perfectly legal under German law. U.S. denial of the license, the officials said, would put the Bonn government in an untenable position.

Mr. Freedberg said he tried to work out a licensing arrangement that would satisfy U.S. security concerns by requiring additional monitoring of the equipment by IBM personnel and the West German government. On June 10, the Commerce Department granted IBM Germany the license, without notifying the Pentagon.

"I acted unilaterally," Mr. Freedberg said. "I thought it was a reasonable deal." He noted that Pentagon review of such licenses is a matter of discretion.

IBM officials were relieved to have the path cleared. But "when we went back to Transnautic, we discovered we had already lost the business," Mr. Holcomb said.

Transnautic was preparing to install an IBM-compatible AS-9043 mainframe from National Advanced Systems, a subsidiary of National Semiconductor Corp. The \$1.2 million machine, though sold under National's label, is made by Hitachi Corp. of Japan.

In accordance with U.S. law, National Advanced Systems had applied for a license to ship the computer while IBM's dispute with the Commerce Department was pending. Commerce officials say Trans-

nautic was not described on the application as a Soviet-controlled company and the license was approved with no questions asked.

In a heated meeting at the White House last week, attended by officials from Commerce, Defense, the National Security Council, the intelligence agencies and the Customs Service, Mr. Freedberg acknowledged that the Commerce Department had erred in failing to recognize Transnautic's ownership.

**Soviet-German Company**  
The Soviet Ministry of Maritime Fleet owns 51 percent of Transnautic, the International Herald Tribune reported. The rest of the company's capital is West German. Transnautic is registered under West German law as a West German company.

Founded 13 years ago, it employs 350 persons, of whom three are Soviet citizens.

About 10 years ago it bought an IBM mainframe to help manage its routine shipping business, said Manfred Schiel, manager for financial planning and data processing. He said the computer is used in financial planning, payroll, monitoring shipping movements, keeping track of thousands of containers and handling some air freight out of Frankfurt for Aeroflot, the Soviet airline.

Mr. Schiel said Transnautic, like any West German company, was subject to West German law against transferring sensitive technology to the Soviet bloc.

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## AMERICAN TOPICS

Chicago Is Haunted  
By Ghost of Capone

Al Capone went to prison more than half a century ago, but an unending flow of books, articles, television dramas and films, including the current hit movie "The Untouchables," has kept the world aware of Chicago's gangland days.

Neal Ball of the Chicago tourist bureau says this "bang-bang" image is keeping foreign tourists away. Chicago draws barely 300,000 international travelers a year, about 10 percent as many as New York.

Mr. Ball says part of the problem may be Chicago's mid-continent location. But he told The New York Times that Chicago should either put its bang-bang image "behind us, or let's package it." He says, "When the Japanese go to Texas" to see cowboys, "Texas shows them cowboys. The least we can do in Chicago is have a museum of crime and corruption."

Mayor Harold Washington himself says with a grin that he longs for the day that people who reply "Al Capone — rat-a-tat-tat" when they meet someone from Chicago will ask instead, "How's Harold?"

## Short Takes

Four of the five largest U.S. fast-food operations — McDonald's, Burger King, Kentucky Fried Chicken and Wendy's — have agreed to stop using containers made with chlorofluorocarbons, chemicals that scientists say hurt the Earth's ozone layer. The environmental group Friends of the Earth said only the Roy Rogers chain had not responded to its appeal.

A defense attorney for Bernhard H. Goetz, New York's so-called subway vigilante, said the city probation department had recommended a sentence of no prison time for his client. Mr. Goetz, 39, was convicted in June of a felony gun charge, which carries a maximum seven-year sentence, but was cleared in the 1984 shooting of four teen-agers. He said he thought they were going to rob him. The probation report is not binding but often carries considerable weight. Sentencing is set for Oct. 7.

The rich and the poor give proportionately more to charity than the middle class, according to an



**JURY AWARD IN SLASHING** — Maria Hanson, a New York model, was awarded \$78 million in damages by a jury in Manhattan for a razor attack last year in which her face was permanently scarred. Her two attackers, however, and the man who was convicted of hiring them said they had no money to pay Ms. Hanson.

academic study in which the U.S. Treasury participated. An analysis of federal tax returns for 1971-75 showed that taxpayers making \$5,000 to \$10,000 a year gave 3.5 percent of that to charity. Those earning \$20,000 to \$50,000 gave 2.2 percent while those with incomes of \$1 million or more averaged 6.4 percent.

The industrial city of Bridgeport, Connecticut, held an essay contest on its tourist attractions, such as they are, and awarded first prize, a free weekend in town, to Jim Bahooosh, who wrote, "Picnics in a field of waist-high wildflowers? Telling lies by firelight in the midst of cascading mountains? Slipping upstream, ankles icy, sun soaking into your tanned shoulders? Hah! No way. This is allergy season. Send me someplace where nothing grows. Send me to Bridgeport."

## Notes About People

Elizabeth Taylor is the star of a \$10 million promotional campaign for a new perfume, "Elizabeth Taylor's Passion," by Parfums International of New York. Miss Taylor, 55, who has been married seven times, was asked at a Washington promotion, "What made you decide to get into the Passion business?" The actress replied, "I've been in that a long time. You mean the perfume business."

Alexander M. Haig Jr., who is seeking the Republican presidential nomination, presented Washington reporters with Chinese fortune cookies. Inside were such messages as "Cookie is Delectable, Haig is Electable" and "Your Next Visit with Al and Pat Haig will be at 1600 Penn. Ave.," the address of the White House. —ARTHUR HIGBEE

## Israeli Request Called Key to U.S.-Iran Arms Deals

By Walter Pincus  
Washington Post Service

WASHINGTON — In May 1985, the White House secretly approved an Israeli request to send Iran a one-time shipment of artillery shells or artillery pieces to begin what eventually grew into the Iran-contra affair, according to testimony released by the House-Senate investigating committees.

In closed-door testimony that was made public Monday, a former National Security Council consultant, Michael A. Ledeen, related

that then-Prime Minister Shimon Peres of Israel, in a May 1985 meeting, told him of Iran's request for the military equipment but that "Peres would not do this unless he had explicit American approval for it."

At the time, U.S. policy, under Operation Staunch, was to discourage the sale of arms to Iran in hopes of getting that country to agree to end the Iran-Iraq war.

Within a week, Mr. Ledeen told the committees, Robert C. McFarlane, then the president's national

security adviser, told him "to inform the Israelis that that was okay, but just that one shipment and nothing else."

Two months later, however, according to Mr. Ledeen's account, another Israeli representative, Mr. Peres, talked to him about a suggestion that U.S.-made TOW missiles could be sold to Iran as part of a plan to release U.S. hostages held in Lebanon and establish a new relationship between Tehran and Washington.

By October, Mr. Ledeen testi-

fied, the Israelis were discussing with him the possible use of profits from the sales to pay an Iranian official who wanted to change the government. He said the Iranian middleman in the deal, Mamuch Ghorbanifar, had paid the official \$300,000 from his share of the first arms sales.

In addition, the official, whom Mr. Ledeen described as wanting to change the Iranian regime by parliamentary means, asked for small arms, automatic rifles and possibly silencers so that he could "protect him and his allies."

Later that month, Mr. Ledeen said, the Israeli gave him a Swiss bank account number to be used to handle these expenses.

Mr. Ledeen's testimony, given to the committees in four days of closed-door questioning, provided other new details on how the Iran arms initiative began.

The disclosures include Mr. Ledeen's recollection that Mr. McFarlane told him twice that President Ronald Reagan had approved the initial Israeli shipments of U.S.-made TOWs before they were sent. Mr. Reagan told the review board headed by former Senator John G. Tower that he could

not remember when he approved the deal, and his chief of staff at the time, Donald T. Regan, has testified that the president did not learn of the shipments until after they had occurred and the Reverend Benjamin Weir, a hostage, was released.

Mr. Ledeen insisted to the committee that after the initial arms shipment, he opposed the idea of arms for hostages but could not get other officials to back that stance. He said William J. Casey, then the CIA director, told him in December 1985 that although he agreed it was important to work to change the Tehran government, "We have to do the hostages matter first."

He also told how he met with David Kimche, director of the Israeli foreign ministry, on Aug. 20, 1985, to work out codes for use in delivery of hostages after the first 100 TOWs were delivered.

He then recounted that when no hostages appeared, another meeting was held in Paris on Sept. 4, where Mr. Ghorbanifar said the weapons had fallen into the hands of the wrong forces and the second shipment, this time 400 TOWs, would have to be sent before any release.

## Weinberger Doubts CIA Book Claim

The Associated Press

WASHINGTON — Defense Secretary Caspar W. Weinberger said Tuesday that he did not believe that Bob Woodward could have had a detailed interview with William J. Casey, the late CIA director, as described in Mr. Woodward's book on the agency.

"I telephoned from time to time to the hospital," Mr. Weinberger said, adding that Mr. Casey's wife, Sophia, "would always tell me that it was not possible for Bill to talk but that she knew he would appreciate the fact that I called."

"The security, not only of his wife and family who were there with him all the time, but of the CIA itself, which is very close and very tight, I think that would've made that kind of thing just impos-

sible," Mr. Weinberger said on an ABC television news program.

Mr. Casey's daughter, Benedette Casey Smith, appearing on the same show, said Mr. Woodward "never got the detailed confession" concerning Mr. Casey's involvement in the Iran-contra affair.

Mr. Woodward's assertion that Mr. Casey knew about the diversion of Iran arms sales profits to the Nicaraguan rebels also was questioned by a doctor quoted in a Washington Times newspaper article published Tuesday. The doctor reportedly said Mr. Casey was so impaired after his brain surgery that he could not have responded to Mr. Woodward's questions.

Mr. Woodward, an assistant managing editor of The Washington Post, describes the interview in his book, "Veil: The Secret Wars

of the CIA, 1981-1987," which went on sale Monday. Mr. Woodward said that when he asked Mr. Casey if he had known of the diversion, the ailing CIA director nodded in affirmation.

Mrs. Casey has disputed the account, saying she and other family members were with him 24 hours a day while he was hospitalized and that Mr. Woodward did not speak with him. Mr. Casey died in May.

"I stand by everything in the book," Mr. Woodward said Sunday, "including the visit I made to Casey's hospital room when I talked to him as described."

Mr. Woodward has said he was able to enter Mr. Casey's room briefly with the help of a "source" at Georgetown University Hospital.

## Poland Rejects U.S. Call for Change

By John Tagliabue  
New York Times Service

WARSAW — Poland on Tuesday flatly rebuffed U.S. urgings that it take steps toward economic and political pluralism, such as establishing independent trade unions, as a way of improving relations between the two countries.

Jerzy Urban, the government spokesman, rejected the idea that applying Western economic models would aid Poland.

"We are realistic," Mr. Urban said at his weekly news conference. "We know the dramatic economic situation prevailing in other politically and geographically close allies of the United States, who are applying American political solutions, such as political pluralism, and who have economic systems similar to the United States."

The rebuttal of the U.S. appeal, which was delivered Monday by Vice President George Bush in a live, uncensored television appearance, followed a U.S. decision to

help reschedule debt to Western governments.

Noting that the Polish government regarded Western assurances on its debt as "a first step on a constructive road," Mr. Urban said: "We are not asking for help, we are only asking for the normal treatment of Poland in international economic cooperation."

The clear public rejection came even before Mr. Bush left Poland. The vice president spent the day touring sites near Krakow.

At a news conference Tuesday morning, Mr. Bush summarized the experience of his four-day visit by saying he had "the distinct feeling that Poland has come out of a very difficult time, and that things are moving forward."

In his television appearance, Mr. Bush linked further improvement in U.S.-Polish ties to meaningful steps toward political and economic change, including the establishment of "self-governing organizations" for "the protection of workers' interests."

At his news conference, Mr. Ur-

ban said Poland envisaged the establishment of "socialist pluralism" within its economic and political system.

Asked whether such pluralism would permit reinstatement of independent labor unions, as Mr. Bush urged, he said, "We remember the times when such pluralism was set up in Poland, in the 1980s, and union pluralism existed."

Referring to the short-lived flourishing of Solidarity, he said: "This concrete experience is an experience that we assess negatively."

"The development of political life in Poland and of socialist pluralism," he said, "will not travel the road of resurrecting the long-dead political structures of 1980 and 1981, and particularly those that conducted confrontational policies and created for the country the dramatic situation that made it necessary to impose martial law."

The government's rejection of the U.S. appeal appeared to reflect disappointment over its failure to elicit a stronger commitment for aid in obtaining loans.

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## Henry Ford 2d, the Automaker, Is Dead at 70

By John Holusha  
New York Times Service

DETROIT — Henry Ford 2d, 70, who took over his grandfather's founding company in 1945 and restored it to profitability, died Tuesday.

He was admitted to the hospital Sept. 12 for treatment of pneumonia, but his condition deteriorated as he developed heart and kidney problems.

"My name is on the building," he used to say to settle arguments. It was more than that. His was one of the best-known names in the world. Each day it was stamped hundreds of thousands of times on metal, on paper, it glistened in neon and flashed in chrome around the world. Even in Russia and China, it stood for what it stood for in America. Ford meant cars.

He never forgot that. The hundreds of millions of dollars in his personal fortune could have bought a life of leisure. But first, last and always, Henry Ford 2d built cars. He did not create the company. His grandfather did that. But as a young man, Henry matched what remained of the company from his grandfather's aged hands and began to guide the industrial empire from the brink of collapse back to prosperity. Like his grandfather, as he grew older, he guarded his power jealously and eliminated those who came too close to it.

What would be the work of his life was sealed at his birth, and much high drama took place before he was 30. World War II had just ended when Henry Ford, backed by his mother and a few allies, seized control of the company. By then his grandfather was probably senile. The grandfather's only son, Henry 2d's father, Edsel, was dead, and one by one, Ford's most competent executives were dismissed. The company was ap-

proaching ruin despite its giant size, losing almost \$9 million a month, and the senior Henry Ford seemed to be turning over control to an aide, Harry Bennett.

Eventually, the Ford women took action. The elder Henry Ford's wife, Clara, put pressure on him, and young Henry's mother threatened to sell her stock in Ford, which was a family-owned business then, unless her son was given control. On Sept. 21, 1945, the elder Henry Ford, 82, retired, and his grandson, only 28, took over.

The first thing he did was to fire Mr. Bennett. Once Mr. Ford won control, he began the rebuilding, hiring talented men, and, to his credit, listening to their advice. The saving of Ford was the business miracle of the decade. Those who knew said the company was not just dying, it was already dead. But Mr. Ford had pluck and luck.

Even pluck and luck, however, were not enough to help him achieve his greatest goal. He could never catch the family's ancient rival, the General Motors Corp.

But he did have the satisfaction of watching those he put into power or finally beat GM, at least in a financial sense. Last year, with Henry 2d still exercising power behind the scenes as chairman of the board of directors' finance committee, Ford reported profits of \$2.3 billion to GM's \$2.95 billion. It was the first time since 1924 that Ford had beaten GM on the bottom line.

But in his early days at the helm it took 10 years of hard work, to rebuild Ford into an industrial power throughout the world. At the end of that decade, if it was not first in the automotive industry, Ford was a safe second and close enough to challenge from time to time. Stock was sold, and Ford had

become a modern, publicly owned corporation.

Yet it was structured so that the family, which meant Henry 2d, as it had meant his grandfather, maintained control. And only after the company was re-established did other sides of Henry Ford's character begin to emerge: Henry the social thinker, Henry the swimmer, and later, Henry the autocrat.

His grandfather had been known for his social involvement, for the famous \$5-a-day wage that caught the imagination of the working man, for his efforts to uplift the lives of the working class, for his Peace Ship mission to Europe to try to end World War I, and for his readiness to give jobs to blacks when segregation was a way of life in America.

But as Henry Sr. aged, his idealism soured. The \$5 day turned into beatings of union organizers. Social uplift turned into spying on workers. Pacifism became associated with his anti-Roosevelt, pro-German feelings as World War II approached, and his friendly attitude toward blacks was matched by his hatred of Jews.

But young Henry wiped the words "bigot" and "anti-labor" from the Ford image. When racial riots spread across America in the 1960s, particularly after the Detroit riot of 1967, Henry Ford was the outstanding business spokesman calling for a new deal for blacks.

He oversaw the creation of the modern Ford Foundation dedicated to curing social ills and transforming society. Henry at first stood up for the liberal approach of the foundation's efforts, but he lost control of the board and finally, in 1977, quit in disgust, complaining that it had an anti-capitalist bias.

His private life became newsworthy as his marriage to Anne McDonnell, the mother of his chil-

dren, faded in the late 1950s, particularly after he met Cristina Austin, the divorced wife of a British naval officer.

In 1963, Henry and his wife formally separated. In 1964 he was divorced — a large settlement was believed to be involved — and in 1965 he married Mrs. Austin.

Henry had become a member of the jet set and was seen from Acapulco to the Riviera.

The late 1970s were bad times for Henry Ford. There were colorful but uncomplimentary stories of the personal lives of Henry Ford and Cristina. There was a suit by stockholders represented by Roy M. Cohn, who was also Cristina's lawyer, charging that Mr. Ford took bribes and used company money as his own. There were troubles with Ford cars: Pintos that burned, automatic transmissions that slipped into reverse by themselves, bodies that rusted.

Beyond this, Henry Ford's desire to keep his power in the company brought him into conflict with his aides — a situation not unlike that at Ford in his grandfather's day. For whatever Henry Ford's outside interests might have been, the company was his life and his kingdom.

In 1978 he dismissed another president, Lee A. Iacocca.

Mr. Iacocca came from nowhere in the early 1960s and led the Ford recovery from the Edsel debacle by creating the car that caught the imagination of a decade: the Mustang.

On May 10, 1979, at the annual shareholders' meeting, Henry Ford 2d said that he would retire as chief executive officer, effective later in the year.

Although he continued as a chairman of the board's finance committee until his death, he largely left the management of the company to his successors.

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## Daugherty, U.S. Football Coach, Dies

The Associated Press  
EAST LANSING, Michigan — Hugh D. (Duffy) Daugherty, 72, who guided Michigan State University's football program to national prominence and two Big Ten titles in 19 years with the school, died Friday in California.

Nick Vista, the university's sports information director, said Mr. Daugherty had died at Santa Barbara Cottage Hospital, where he was hospitalized Aug. 23 with heart and kidney problems.

He came to Michigan State in 1947 as an assistant to Coach Clarence (Biggie) Munn. He replaced Mr. Munn as head coach in 1954. During his tenure, Mr. Daugherty compiled a record of 109-69-5. His 1965 and 1966 teams went 10-1 and won the Big Ten title with

such stars as Gene Washington, Bubba Smith and Clint Jones.

Born in Emigh, Pennsylvania, Mr. Daugherty grew up in Barnesboro, Pennsylvania, and attended Syracuse University, where he played three seasons and was captain of the team in 1939, when he was a senior. He served in the U.S. Army during World War II, advancing from private to major and winning the Bronze Star. He returned to Syracuse as a coach before going to Michigan State in 1947.

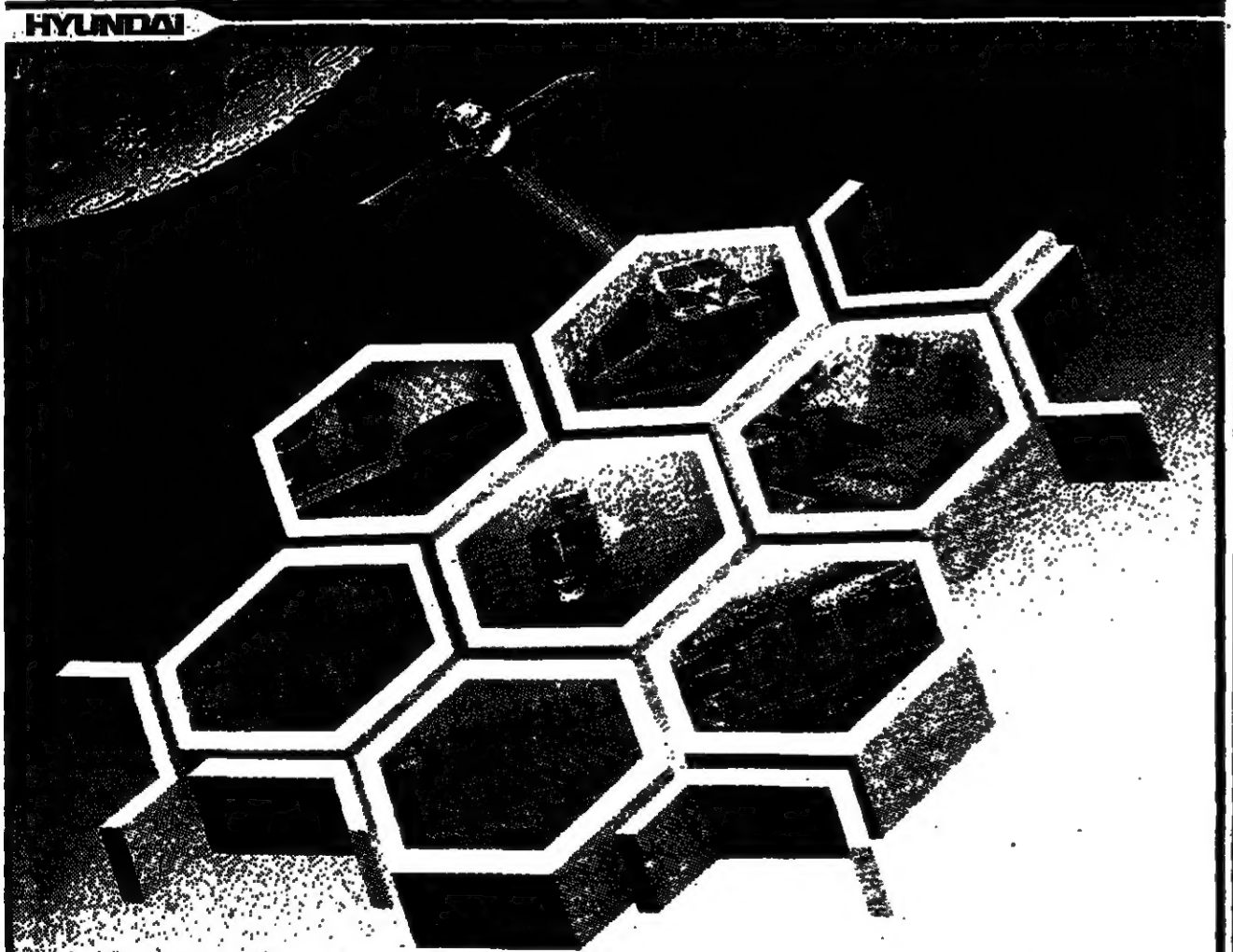
He was a line coach at Syracuse under Mr. Munn in 1946 and came to Michigan State with him on Jan. 1, 1947. Mr. Daugherty guided the lines that earned the nickname "Duffy's Tougies" when the Munn teams went 54-9-2.

Drew (Bundini) Brown, Trained Muhammad Ali

NEW YORK (NYT) — Drew (Bundini) Brown, 57, who worked as a cornerman and assistant trainer for Muhammad Ali throughout the former heavyweight champion's boxing career, died Thursday at Good Samaritan Hospital in Los Angeles. Mr. Brown was said to have undergone surgery earlier in the week.

Mr. Brown joined the entourage of Mr. Ali in the early 1960s when the young boxer was known as Cassius Clay. He was credited with originating the champion's famous battle cry, "Float like a butterfly, sting like a bee."

Mr. Brown also appeared as an actor in several films, including "Shaft" and "The Color Purple."



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## OIL & MONEY THE CHALLENGE OF THE 1990's

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### OCTOBER 22

UNITED STATES ENERGY POLICY  
The Honorable John S. Herrington, Secretary of Energy, United States  
CHALLENGE OF THE 1990's: A CORPORATE VIEW  
John B. Hall, Chairman and Chief Executive Officer, Ashland Oil Inc.  
Philip Oxley, Chairman, "Energy Europe Ltd"  
Nader Sultan, President, Kuwait Petroleum International Ltd.  
GLOBAL DEMAND AND SUPPLY: AN OVERVIEW  
John H. Lichstein, President, Petroleum Industry Research Foundation  
Respondent: Hermann T. Fransen, Economic Advisor of H.E. The Minister of Petroleum and Minerals of the Sultanate of Oman  
BREAKOUT GROUPS (These three sessions will run concurrently)  
NORTH AMERICAN MARKET  
Theodore B. Eck, Chief Economist, Amoco Corporation  
Milton Lighton, President, W.J. Levy Consultants Corporation  
THE EUROPEAN OUTLOOK  
Giuseppe Miligioni, Executive Vice-President, AGIP SpA  
Ted White, Managing Director, Petroleum Economics Ltd.  
THE PACIFIC OUTLOOK  
David J. O'Brien, Chief Economist, CALTEX Petroleum Corporation  
LUNCH  
THE OUTLOOK FOR THE UNITED KINGDOM'S PETROLEUM INDUSTRY  
The Rt. Hon. Cecil Parkinson M.P., Secretary of State for Energy, United Kingdom  
MARKET FORCES IN CHARGE OF SUPPLY MANAGEMENT  
John Deans, Chairman, Transworld Oil Ltd.  
ENERGY SECURITY AND THE MIDDLE EAST  
Geoffrey Dabson, President, The American Petroleum Institute  
George Quincey, Chairman, Director, Oil Market Development, International Energy Agency  
Mahdi Vaziri, Senior Analyst, Kalamazoo Oilfield & Co.  
Moderator: Robert Mabro, Director, Oxford Institute for Energy Studies

### OCTOBER 23

MINISTERIAL PRESENTATIONS AND DISCUSSIONS  
H.E. Riiwanzu Lukman, Minister of Petroleum Resources, Nigeria, President of the OPEC Conference  
H.E. Arne Oien, Minister of Petroleum and Energy, Norway  
H.E. Abd al-Hadi Muhammad Kandil, Minister of Petroleum and Mineral Resources, Egypt  
Moderator: Hermann T. Fransen, Economic Advisor of H.E. The Minister of Petroleum and Minerals of the Sultanate of Oman  
THE WORLD ECONOMY: RETURN TO NORMAL GROWTH  
Stephen Morris, Senior Fellow, Institute for International Economics, former Chief Economist, O.E.C.D.  
Respondent: Timothy Cowling, Chief U.K. Economist, Shearson Lehman Brothers  
BREAKOUT GROUPS (These three sessions will run concurrently)  
FINANCING EXPLORATION AND DEVELOPMENT  
Jean Claude Balascan, Director General, Institut Français du Pétrole  
David Parker, Manager, Project Finance Unit, National Westminster Bank  
THE FINANCIAL HEALTH AND PROFIT PROSPECTS OF THE OIL INDUSTRY  
Dillard Spriggs, President, Petroleum Analysis Ltd.  
CHINA: PROSPECTS FOR OIL DEVELOPMENT  
Kim Woodard, President, China Energy Ventures  
LUNCH  
FINANCIAL STRATEGIES FOR THE OIL INDUSTRY  
NEW INSTRUMENTS AND MARKETS  
Rodney E. Chase, Group Treasurer, B.F. Finance International  
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DAIRYFUTU PANEL DISCUSSION  
Moderator: Nicholas G. Volte, Oil Consultant, London and The Hague

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Residents of the neighborhood in Medellin, Colombia, that was destroyed by a landslide await news of family members as rescuers search for survivors and bodies of victims.

## Colombia Landslide Toll Put at 300

MEDELLIN, Colombia — Rescuers searching for bodies buried under a landslide that crashed down a mountain into a poor neighborhood here estimated Tuesday that the death toll had risen to 300, but the mayor feared it could reach 500.

The chief of the fire department, Pedro Nel Correa, said emergency crews had pulled 200 bodies from the tons of rubble, mud and rocks by Tuesday.

He estimated that 300 people died in the landslide Sunday, but Mayor William Jaramillo Gomez said that estimate may be too low.

"The toll might be between 400 and 500," he said, "if we keep in mind that on Sundays the poor people tend to stay in their homes and there were lots of people in the houses that were covered by the landslide."

The landslide crushed about 60 houses near Sugar Loaf mountain in a shantytown in Medellin, Colombia's second-largest city.

The mayor said firefighters, civil defense workers and the Red Cross had been working for three days to find survivors and the bodies of victims.

"There is no possibility that anyone might have survived," the mayor said.

Mr. Nel Correa said the approximate death toll figure was reached by estimating the number of people who lived in the houses destroyed or buried by the dirt and rocks. About 1,000 people lived in the destroyed neighborhood, officials said.

The landslide occurred when mountain streams swollen by rains overflowed their banks Sunday afternoon and sent water, mud and rocks down the side of the mountain.

Scores of children were reportedly among the victims.

## South Africa Floods Kill at Least 50

DURBAN, South Africa — Heavy flooding caused by five days of record rainfall has killed at least 50 people in Natal Province, police said Tuesday.

Roads and dams have been washed away, they said, and mud slides have buried people in black and Indian townships.

Durban, on the Indian Ocean, which has a population of more than a million, was virtually isolated, with road, rail and civil air links severed.

"We are sealed off in all directions," a police officer said Tuesday after the last surviving bridge fell into the Mgeni River.

Police estimated the death toll at 50 to 60 and warned people to move away from dams.

The weather bureau said Durban had received 15 inches (38 centimeters) of rain since Friday, breaking the record for September set 100 years ago.

President P.W. Botha ordered government departments to mount relief operations.

Five cars fell into the Tugela River and were swept away with their occupants when the John Ross Bridge collapsed on the main coastal highway north of Durban, witnesses said.

One of the areas worst hit was the port of Richards Bay, north of Durban. A lifeboat was called out to rescue people from rooftops there. Troops were also sent to help evacuate the town, where a state of emergency was declared.

Durban faced a water shortage after four aqueducts feeding purification plants were washed away. Water board officials said supplies would dry up within 36 hours unless repairs were made.

Water rationing was imposed and supplies to 30 major industrial users were cut, shutting down most of Natal's 14 sugar mills.

Much of South Africa, which suffered years of drought in the early 1980s, has had heavy rain this month. Some areas reported snow for the first time in memory.

(Reuters, AP)

## Kinnock Urges Party to Learn From Defeat and Change Policy

By Karen DeYoung  
Washington Post Service  
BRIGHTON, England — The Labor Party leader, Neil Kinnock, called Tuesday on his party to learn the lessons of a third straight electoral defeat and to modernize its policies to appeal to a broader portion of the electorate.

Calling for a "rigorous reassessment across the whole field of our policies," Mr. Kinnock made clear in his keynote speech to the annual party conference here that neither Labor's proposed unilateral nuclear disarmament nor its commitment to state ownership of industry were immune from review.

At the same time, he called on leftist activists to subside their criticisms and join the party mainstream or risk further narrowing Labor's appeal.

From now on, he said, all party efforts must be undertaken "in the clear and certain knowledge that we address many people who need to be convinced if they are to make the shift to supporting us, people who need to be certain that their trust in our common purpose and common sense is fully justified."

The conference was the first since the general election in June brought a big victory to Prime Minister Margaret Thatcher and a continuation of her parliamentary majority.

The scale of Labor's defeat has led some political pundits to write the party's obituary.

Within the party itself, the loss has provoked a torrent of debate.

## Australian Court Rejects Extension Of Spy Book Ban

CANBERRA, Australia — Publication of a former counter-espionage agent's memoirs apparently can begin in Australia after a judge Tuesday rejected Britain's attempt to prolong a ban on the book.

The High Court judge, Sir William Deane, rejected Britain's request to prolong the ban on Peter Wright's book, "Spycatcher," the subject of a two-year legal wrangle in Australian courts.

Britain had asked the judge to prevent publication of the book until the outcome of a hearing by the full High Court, the country's highest legal body.

A date has not been set for the hearing, at which Britain is to ask the court to overturn a New South Wales Court of Appeal ruling Thursday that lifted a temporary injunction on "Spycatcher."

Britain says that Mr. Wright, who is retired, broke a life-long pledge of secrecy by writing the book about his service in the British intelligence network.

The argument is between those who maintain that what is needed is a move further to the left and the majority who believe, with Mr. Kinnock, that the only way forward is to analyze why Labor has failed to attract new voters, or even keep many of its old supporters, and change policy accordingly.

Part of Labor's problem has been the bedrock of its support, Britain's traditional working class, is shrinking, with employment decreasing in heavy industry while it increases in service and high-tech industries.

However, the party's leftists have found it increasingly hard to argue with electoral figures showing that less than half of all semiskilled and unskilled workers, and an even smaller percentage of labor union members, voted for Labor.

Many of those workers believe that they have benefited from Mr. Thatcher programs, which have al-

lowed them to purchase the public housing units in which they live and which have offered some of the country's largest state-owned enterprises for sale to anyone with the money to buy a single share.

Labor also seemed unable during the election campaign to capitalize on its strengths, including the widespread belief of many voters that Mrs. Thatcher was "uncaring" about things like unemployment and the continuation of the National Health Service.

Many voters perceived the party as disorganized, fractious and incapable of putting its commitment to the collective good into efficient practice.

This week's conference was planned by the leadership to capitalize on the membership's despair over the election, and on Mr. Kinnock's sustained popularity, to inaugurate a series of organizational and policy changes.

In voting during Monday's opening sessions, Mr. Kinnock won changes limiting the power of leftist activists in the way local constituency parties select their parliamentary candidates. Also, the selection of new members of the party's ruling National Executive Council increased the pro-Kinnock majority.

A third vote agreed to a no-holds-barred review of party policies.

In his speech Tuesday, Mr. Kinnock pledged that "we are not going to jettison our commitments" to socialism and collective provision of basic services.

"Nothing," he said, "would more deserve the charge of cynicism or sabotage credibility than to make a bonfire of everything we stood for" during the last election.

But the party, he said, had to face new "social realities" that included increased home ownership,

earlier retirement and "many more people owning shares."

Mr. Kinnock also congratulated the Reagan administration and the Soviet leadership for their progress toward arms control.

Labor strategists are hoping that a agreement to remove intermediate-range nuclear weapons from Europe, including U.S. cruise missiles based in Britain, will eliminate the need for the party to call for their removal.

In the past, Labor has been accused of endangering arms control negotiations by offering to unilaterally give up Britain's independent nuclear force.

Mr. Kinnock said Tuesday only that the policy review would "work to ensure that we have policies that are capable of dealing with the changed conditions of the 1990s in a way that will enhance the prospect of removing reliance on nuclear weapons."

## Taiwan Reporters Find China 'Strange' and Sad

By Nicholas D. Kristof

New York Times Service

TAIPEI — For the last two weeks, a newspaper here has been publishing accounts of a neighboring land where people look familiar but live in different, and sad, circumstances.

"People have the same faces as we have," one dispatch read, "but this place seems strange and remote."

The Independent Evening Post, a major Taiwan newspaper, has defied a government ban on travel to mainland China by sending two reporters to roam the mainland and report their impressions.

The two reporters, Lee Yung-teh, 33, and Hsu Lu, 30, arrived in Beijing on Sept. 14.

"It was like a different world," they said in a dispatch shortly after arriving in Beijing. "The streets were lined with the crudest shops that you would not see in the remotest parts of Taiwan. They were selling the most old-fashioned goods and clothes imaginable."

So far the two journalists have embarrassed both Taipei and Beijing.

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# MIDDLE EAST BANKING AND FINANCE

Arab banking continues to modernize and expand at an impressive pace despite the Gulf crisis and is now an integral part of the world financial scene. In response to global securitization, many Arab banks have found partnerships in the main financial centers.

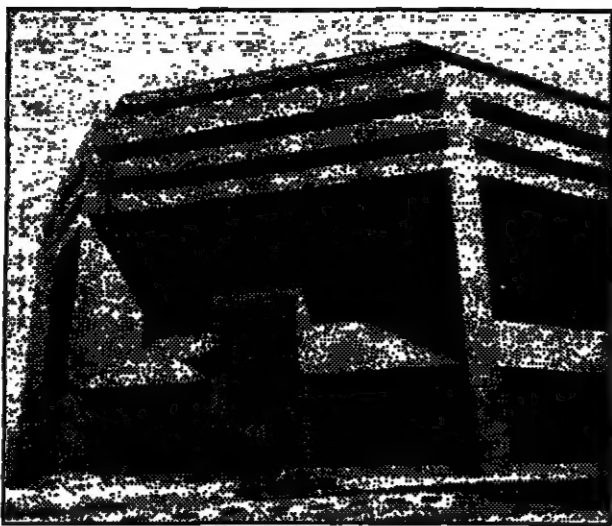
THE Gulf tanker war has altered public perceptions of the Middle East risk, but for international banks it is still very much business as usual. "We're doing very cordially with the Iranian banks," said a distinguished British banker at a meeting of the London-based Middle East Association, whose members trade actively with the region. In London, trade finance terms for Iraq are tighter than for Iranian importers, whose clearing base is Dubai, an Arab Gulf city with a population of more than 80,000 Iraqis.

The fundamentals affecting Arab banking have more subtle roots than the immediate Gulf crisis. The Arab banking community is now an integral part of the world financial picture. It even has its place on the regular cocktail party slot at the International Monetary Fund World Bank annual meeting — the Gulf International Bank (GIB) reception being an opportunity to meet the mandarins of Arab banking. In the past 15 years Arab banks have grown spectacularly both in numbers of institutions and in sophistication.

In response to global securitization, Arab banks have been forced, sometimes unwillingly, to strengthen their worldwide networks. Since securitization and internationalization go hand-in-hand, Arab banks have found partnerships in most of the main financial centers. They have also gone to "junk holes" and to the more exotic tax havens, although since few of the major Arab banks suffer from oppressive tax laws in their domicile, they are often simply "following the leader."

Arab banking is showing an ability to regenerate itself. Just as in Pakistan the Arab banks (Middle East Bank and Bank of Oman from Dubai) have adapted to the new Islamic banking regime and turned in some of the best figures produced by foreign banks, so in Egypt new investment companies operating outside government control, such as the Al Shari'at Organization, have posed an exciting challenge to Egypt's bureaucratic nationalized banks.

The health and wealth of the Gulf states, meaning essentially the six conservative Gulf Cooperation Council (GCC) countries (Saudi Arabia, Kuwait, the United Arab Emirates, Oman, Bahrain and Qatar), is still a crucial barometer. According to Gulf International Bank, the gross domestic product of the Gulf countries, in current prices, more than doubled between 1976 and 1983, rising from a level of \$79.4 billion to \$160 billion, with an annual compound growth of about 12.9 percent. Since 1983, GDP has been falling — to about \$126 billion in 1986. The consequences are that in the 1990s the economic structures



The new Kuwait Stock Exchange.

of the Gulf states will be different from those bankers have become familiar with in this decade.

These will be the main characteristics: a more diversified production base away from oil, larger private sector participation in the various aspects of the economy, aggressive world-wide marketing networks for downstream oil products (Kuwait is already doing this under the Q8 logo in Europe), greater regional integration and a more balanced labor market with less dependence on the western expatriate.

This process is already evident at the Jebel Ali Free Zone outside Dubai, where a thriving textile industry exists as an extension of Pakistan's ready-made garment sector. It has also had an impact on banks, which are aiming new products at the Asian rather than the native investor. Said one Dubai banker: "You just can't interest high net-worth locals in mutual funds, but the Asian with \$30,000 a year in disposable income is a good prospect."

The most salient fact is that, over the next few years, the GCC states will increase their refining capacity to around 3 million barrels a day, and will expand vertically through the purchase of marketing networks worldwide. At present almost half the oil produced is traded outside the fixed price system, but by the 1990s about a third of GCC production will be integrated into a market-oriented distribution system. In 1990, GCC oil production will reach an estimated 9 million barrels a day (b/d), around 18 percent of world output; by 1995 the Gulf states' share of world oil

production will rise to 30 percent, ensuring the primacy of the Gulf in world energy output.

None of this suggests that the Gulf will become a financial Sahel, as some nervous in-house bank economists have suggested to justify reducing exposure to the Gulf-based banks. Among positive trends for all banks in the region is the Gulf governments' increasing support for the private sector, rather than for large prestige public sector 'white elephants', as well as a growing emphasis on the services sector, especially for health, education, training and technology. Industry is expected to become an important feature of the Gulf economies in the 1990s. Manufacturing is already contributing an average of around 8 percent to total Gulf GDP, but this will rise to 12 percent in 1990 and 15 percent in 1995. A regionally based expatriate representing an abysmal manufacturer said: "My company had ignored the Middle East until recently, now my three best markets outside Europe are Saudi Arabia, Kuwait and Pakistan."

It is worth examining how the strategy adopted by Arab banks is contributing to the overall Gulf picture. A tireless advocate of innovation is Hikmat Nashashibi, chairman of the London-based Arab Bankers Association. He said: "All market participants nowadays have to adjust, not only to thinking globally, but also to becoming security-conscious. Arab banks are no exception." Nashashibi added: "In addition to being global in outlook and security-conscious, Arab participants have an advantage in pursuing a regional niche strategy based on cost effectiveness."

Lacking a strategy can sometimes prove expensive. One Gulf bank, with an admirable credit rating based on its highly conservative lending policy and access to government deposits, opened a London branch in the spring of 1986. A year later its general manager confessed: "When we looked at London, I regret to say that we rather ignored the impending arrival of the Big Bang, and we now need to rethink things." According to Nashashibi, Arab bankers need to ask themselves what business they are in. He says: "They need to identify which of those businesses have comparative advantages, and whether those advantages can be improved upon. Discovering niches and filling them demands imagination. For the unimaginative Arab banker the future is bleak."

To Costi Chehlouei, executive vice president of GIB in London, the emphasis for Arab banks should be on "servicing the needs of the Arab businessman and Arab community in London and in the Gulf, rather than to be involved in the highly volatile 'sharp end' of the market." He said: "We know that the best way for us to provide this

service is by developing our own in-house expertise as far as possible, bringing in the technical know-how as and when required, and training young Arab bankers who will be running the business in the future."

In this the conservative habits of Arab investors play a constraining role. Pakistan is a market of 90 million people just over an hour away by plane from the lower Gulf, yet few Gulf-based investors have entered the arena there. "They look for sure and safe guaranteed returns which simply cannot always be delivered," said a Ministry of Foreign Affairs official in Islamabad. Arab investors still have a marked preference for tangible forms of investment, such as precious metals, real estate or simple deposit accounts, rather than stocks or bonds, which are offered by specialized banks and fail to have a broad appeal, except in special circumstances.

Oil production, revenues, population. The GCC states 1985-1995

	1985	1986	1987	1990	1995
Oil production (million b/d)	6,369	7,864	8,546	9.0	16.0
Oil revenues (\$ million)	51,364	37,932	44,249	73,886	145,358
Nominal GDP growth (%)	-7.3	-11.5	3.0	6.0	10.0
Current Account (\$ million)	565	-8,733	-2,609	10,000	30,000
Total GCC Population (millions)	15.6	15.5	15.6	15.9	17.0
National	8.7	9.0	9.3	10.2	12.0
Expatriate	6.9	6.5	6.3	5.7	5.0

Source: Gulf International Bank July 1987.

Both regional and international expansion has been planned by Kuwait's Alahli Bank which last year opened a full branch in the Gulf Emirate of Dubai and is now moving into London. Like other local banks, Alahli suffered from the aftereffects of the stock market crash but, according to Mr. Abdul Salam A. Al Awadi, deputy chairman, last year's balance sheet "showed more profit than for the previous year." Alahli was one of the first Kuwaiti banks to press ahead with the debt settlement program suggested just over a year ago by the government. "We are really very optimistic about the future now," says Mr. Abdul, whose bank recently increased its capital by 25 percent.

See Banking, Page IV

NEW ISSUE These securities having been sold, this announcement appears as a matter of record only. July 27, 1987



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## Banks Expanding Global Links

**T**HE Arab Bank of Jordan, often described as the first Pan-Arab bank, inaugurated three very different centers in 1986: a subsidiary in Australia, a representative office in Tokyo and a branch in Cannes. These moves underscore Arab banking's growing internationalization. The trend began with big banks such as

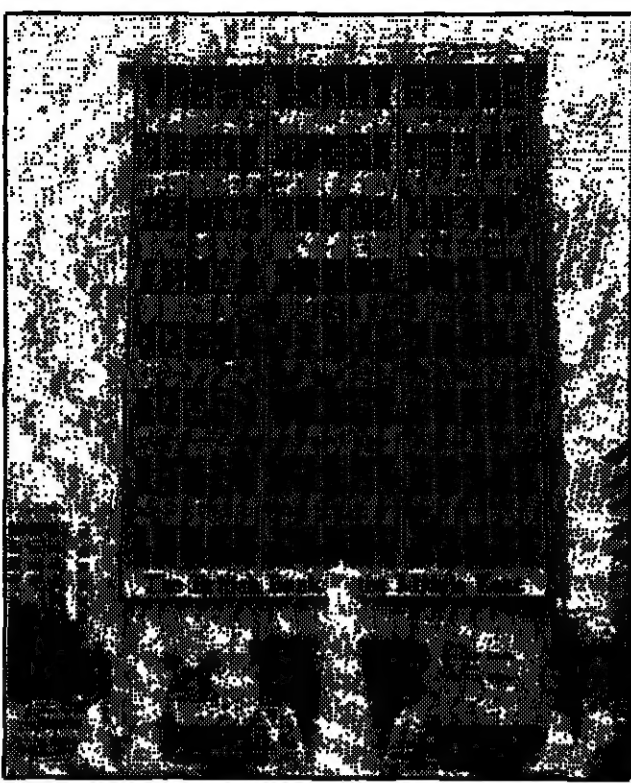
the Bahrain-based Gulf International Bank (GIB) and Arab Banking Corporation (ABC) and has continued, even as recession hit the Gulf.

The Arab Bank of Jordan led the way in early 1987 with the announcement that it had been granted a license to operate as a commercial and investment institution in Austria. In November 1986, Arab Bank's Tokyo office joined those of ABC, GIB and the Jeddah-based National Commercial Bank in Japan. On September 1, Arab Bank celebrated the first anniversary of its wholly owned Sydney subsidiary, Arab Australia.

By June 1987 there were more than 80 separately named Arab financial institutions in London. They include 12 recognized Arab banks and 18 licensed deposit takers.

One relative newcomer is the National Bank of Dubai, which opened in Sloane Street in April 1986. Says managing director Abdullah Mohamed Saleh: "We had felt for some time the necessity of servicing the banking needs in the U.K. of our important customers. As usual, our decision to open was taken after much thought. The fairly rapid build-up of customer deposits in London confirms this assessment. London is a highly competitive market and overheads are high, but we are making satisfactory progress towards profitability."

Two banks to obtain 'recognized' status in the past two years are National Bank of Kuwait and the Paris-based consortium bank BAIL. Two Saudi banks, National Commercial Bank and Saudi American Bank, whose minority shareholder is Citicorp, are operating as licensed deposit takers.



The British Bank of the Middle East offices in Deira, Dubai.

Samba's managing director Shaoukat Aziz says that the branch will be involved in treasury activities and make a market in the Saudi riyal. He believes Samba will add a "competitive edge" to the London Saudi riyal market, which has expanded as Bahrain has increasingly been forced to the sidelines.

One casualty appears to be the consortium bank — unless, like the Paris-based Union de Banques Arabes et Françaises (UBAF), it has a distinct rationale. European Arab Bank, set up in the 1970s at the height of the oil boom, was this year removed from the Bank of England's list of recognized banks. This decision followed the bank's own moves to run down operations. Said group general manager Jad-Saidan, formerly with the 15-nation consortium The Arab Investment Company of Riyadh: "The consortium bank was a joint venture for a specific purpose. I don't

see consortium banks as being applicable today — their time has passed."

To survive in today's conditions they need to find new market niches. BAIL has its market in merchant banking, while United Bank of Kuwait is aggressively offering home loans in London as well as foreign exchange and trade finance. Clearly, having global links, or even shareholders in different countries, will not be enough. For Ibrahim Dabdoub, chief general manager of the National Bank of Kuwait, maintaining an real international presence "requires a lot of professionalism, management depth, capital, a loyal client base and a well enunciated corporate culture." He adds: "Changes in banking are so rapid now that non-Western banks will find it difficult to cope. New risk profiles are emerging from the dynamic changes in international banking, something which is more diffi-

cult for national banks like NBK to assess. One constraint is capital, because the cost of building an international communications network is very high."

Dabdoub suggests that some Arab banks may retrench to their home markets. For NBK, the global strategy has included a presence in London, New York, Paris, Geneva, Singapore and Bahrain. Yet when push came to shove and NBK lead managed a KD 30 million (\$106 million) bond issue for the World Bank, it was the bank's 50-branch network in Kuwait that absorbed the issue. NBK markets units as small as KD 20,000 (\$70,900). For bond issues it gets a large number of subscriptions, ranging up to KD 100,000 (\$354,000).

Niche playing is also the theme at Saudi International Bank, which has halved its staff in New York. The branch's foreign exchange and money market operations have been returned to SIB's London headquarters.

Singapore is now seen as a possible base and as an attractive market in its own right. Earlier this year, Kuwait Asia Bank took a 16.3 percent stake in Singapore's oldest stockbroker, Fraser & Company. Gulf International Bank has taken a 24.5 percent stake in the family-owned Singapore stockbroker, Ong & Company.

The Cairo-based Arab African International Bank group, now chaired by Aziz al-Jassar, has had good results from its offshore subsidiary Tunis Arab African Bank, set up in June 1985. Deputy chairman Abdel-Moneim Roushdy, former chairman of the National Bank of Egypt, says the bank aims to penetrate many of the domestic markets in which it operates worldwide. This would appear to be one Arab bank which intends to stay nearer home.

## Investment Companies Offer New, More Flexible Services

**I**T was supposed to be a secret, and it may well have started with Merrill Lynch, but suddenly every major Arab bank is doing it. Loan swaps have become the latest fashion, as Arab banks play on the nerves of U.S. banks with "Gulf risk" and offer to buy their Saudi or Gulf corporate loans, in return for Latin American and other Third World debt.

The swap market in the Gulf is still in its infancy, with only about a dozen banks participating and a volume of approximately \$30 million; individual transactions rarely exceed \$5 million. To the Gulf-based banks the logic of a Gulf/Latin American asset swap is impeccable. American banks are nervous about "Gulf risk," but Arab bankers feel this is something they understand. The Arab banks having gone down the line in Latin America to the tune of some \$4 billion are also looking for relief. Although the discount price of Saudi corporate loans varies widely, some recent swaps have ranked them slightly below Ecuador's sovereign debt, which trades at between 45 and 47 cents to the dollar.

This new opportunity has been seized by the managements at some of the top Arab banks, which are increasingly interested in diversifying into services. When a group of directors/representatives from Merrill Lynch recently toured the Gulf, where they received strong support for both debt and debt/equity swaps.

Innovation may be the key to success, but in the Gulf, innovators must proceed with caution. In April, the Saudi Arabian govern-

ment decided to establish a three-member committee to oversee banking disputes, but the committee's membership has yet to be announced. In Egypt, the Islamic investment companies, considered the most dynamic new force in Arab banking, often exist on the outer limits of the law. The most solid of them is Al Sharif, whose group investments total more than 1 billion Egyptian pounds (\$462 million). Freed from the restraints that are imposed on banks, investment companies such as Al Sharif can pursue imaginative policies, switching in and out of Egyptian pounds at will.

Other Arab banks are responding to the needs of the private investor. Private portfolio management can represent a substantial risk-free source of revenue for Gulf banks. Usually regarded as an off-balance-sheet item, it can help a bank maintain its gearing. Arab banks now face the challenge of acquiring the expertise to mount a sustained campaign. Some of them have elected to market 'off the shelf' packages put together by friendly investment houses. Some very big Arab banks, such as the National Commercial Bank of Jeddah, have decided to sell other people's products, and this represents a significant area of opportunity for investment houses with good links to the Gulf.

Among those who have relied on their own in-house ability are Gulf International Bank and Abu Dhabi Commercial Bank, whose managing director Sultan al-Suwaidi was formerly with GIB. In GIB's case, its Investment Management Service offers to set up packages for private

investors with as little as \$5,000 to invest.

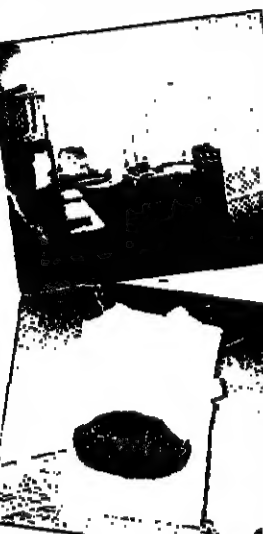
Away from the private arena, a key performer among the Arab investment banks is the Bahrain-based Arabian Investment Banking Corporation (Investcorp), which is concentrating on mergers and acquisitions, mainly in the United States. Its president, Nemir Kirdar, is predicting a significant increase in 1987 net earnings. This will help the bank maintain the 30 percent return on capital achieved in 1986, its most profitable year since start-up in 1982. Its most spectacular deal this year has been acquiring the assets of French jeweler Chaumet & Company and its affiliate Breguet. The acquisition follows Investcorp's established strategy of arranging corporate purchases and then parceling out shares to investors and management, while maintaining a sizable stake in the purchase. It is a strategy already blessed with success — in the 1984 purchase by Investcorp of New York jeweler Tiffany & Company.

Such moves by the new Arab bankers are not missed by the old hands. Said UBAP's retiring chairman Mohamed Abushadi: "I can see UBAP developing its services in the rapidly changing international markets."

In order to innovate, Middle East banks need the expertise to move into new areas, and the funds to enable them to do so. It is salutary to listen to the chairman of the Beirut-based Union of Arab Banks, Anwar el-Khalil: "Arab banks risk being left centuries behind unless priority is given to training staff in modern banking techniques."

### Royal Club

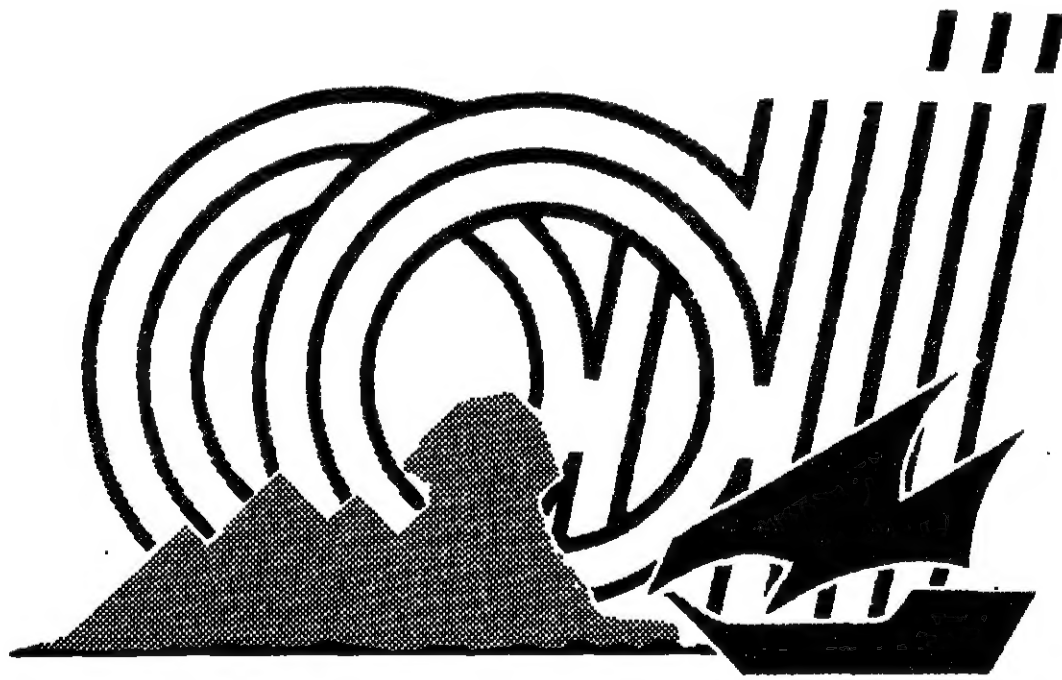
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ING SECTION

Companies Offer Flexible Services

With the growth of the Gulf region, companies are offering more flexible services to meet the needs of the region. This includes a wide range of financial products and services, from traditional banking to more innovative investment and insurance options. The companies are working to provide a comprehensive range of services that can help businesses and individuals in the Gulf region achieve their financial goals.

## New Developments In Money Market

**M**ONEY markets in the Gulf have grown reasonably well during the past decade, in line with the overall economic development of the region. Issues of government debt have frequently been used in several Gulf countries. The instruments range from bank security deposit accounts and short-term treasury notes and certificates of deposits to long-term development bonds. Various Eurobonds and underwriting facilities have also been floated by major Gulf commercial banks and the trend is clearly towards greater utilization of financial instruments in the region.

Nevertheless, bond and stock markets are often fragmented and lagging behind. Most of the debt in the region is still raised through syndicated loans and bank facilities. Very few private companies have until now resorted to issuing stocks and bonds to meet their financial requirements. Only Kuwait has an official stock exchange and a recognizable bond market.

The Gulf region was experiencing an economic boom in the '70s and domestic investment opportunities were scarce compared to the amount of capital available. With the dwindling of regional financial surpluses, the efficient utilization of savings has become a priority. The drive toward industrialization and larger private sector participation continues, and more emphasis is now being placed on the selection of investments with higher rates of return.

Capital markets are being actively developed and a clear trend toward finan-

cial deepening is emerging. Rules and regulations aimed at establishing indigenous stock markets are being studied and enacted. Share prices in Saudi Arabia have risen by more than 10 percent since the beginning of the year and Bahrain has now passed legislation allowing its first stock exchange to be set up.

Economic recession has had a negative effect on the growth of capital markets. But there are other causes, including a lack of proper commercial laws, investment controls and accepted accounting practices.

In recent years new financial instruments—treasury bills, CDs, commercial paper and special forms of bank accounts—have added depth and flexibility to the various money markets in the Gulf.

In Kuwait such activities are well established. The country's central bank has operated a discount window since 1975 from which banks can borrow against commercial papers. A dollar/dinar swap facility has also existed since 1978 and, in 1980, the Central Bank introduced bills for 7- to 91-day maturities.

The bills are considered part of commercial bank reserve requirements and as such cannot be used as vehicles in open market operations. Instead of affecting bank reserves, the issue of bills merely causes a reshuffling among them and a reduction in cash reserves in favor of the Central Bank's interest-bearing bills. Nevertheless, with such a variety of tools available to it, the Central Bank is in a better position to manage liquidity in the country.

The lack of such sophis-

ticated instruments has slowed down the development of money market activities in Saudi Arabia. However, these received a much needed boost in 1985 when the Kingdom's monetary agency (SAMA) introduced Banking Security Deposit Accounts (BSDA).

The aim was to help banks relieve unexpected shortages and more effectively manage liquidity and interest rates. The BSDAs are non-negotiable entries priced at a discount offered at around SR1,900 million (\$306 million) each week in differing maturities—30, 91 and 180 days. The issues are available to domestic banks only and although yields on the BSDAs have been changing, they are normally priced below the interbank market rates. The BSDAs could be traded and used for short-term clearing with SAMA, and the monetary agency is ready to buy them back to help ease liquidity shortages.

A new regulation at the beginning of this year aimed at broadening the repurchase pact offered to banks operating in the Kingdom's money markets. The move could help curb volatile fluctuations in short-term interest rates and strengthen SAMA's role in the financial markets.

SAMA will now offer to repurchase facilities with banks against collateral of 30-, 91- and 180-day BSDAs. Previously, 30-day BSDAs were not accepted. The more flexible repurchase system is expected to make the BSDAs more attractive and more competitive with interbank funds.

Bahrain's money markets gained depth when treasury bills were introduced for the first time last year to help finance the budget deficit and maintain a more flexible control over bank liquidity.

The debt instruments are competitively priced and are exempted from reserve requirement regulations which enhances their attractiveness to the financial community. The bills can be traded before maturity and the potential for the development of a secondary market is clear.

An active market in these instruments would help Bahrain establish itself as a sophisticated financial center. It would give banks an instrument for balancing their internal cash positions and the Bahrain Monetary Agency a new tool to manage liquidity in the Bahraini dinar market.

The offshore banking units (OBUs) in Bahrain are helping to spearhead the introduction of new financial instruments denominated in US dollars and local currencies.

Recently, commercial papers have been gaining wide acceptability. These are short-term notes issued on behalf of Gulf borrowers without the insurance of back-up credit and normally placed among institutional investors. Banks can create a secondary market in trading these papers. Futures and options are also appearing in Bahrain on a limited scale.

Already the money markets in the United Arab Emirates have gained flexibility with introduction of weekly CDs. Money markets elsewhere in the Gulf have also been maturing. In Oman, the Central Bank has introduced discounted commercial paper and Qatar is following suit.

Developments such as these and the trade in a variety of instruments are helping to create greater financial awareness in the region as well as opening up new channels for savers and investors.

— Henry T. Azzam, chief economist at Gulf International Bank.

## Expanding Loan Finance in the West

**T**HREE Arab banks have agreed to underwrite \$365 million of the cost of a rail tunnel link. The project is not the Hejaz railway, or even the high speed mono-rail link once proposed between Saudi Arabia and Bahrain, but the Channel tunnel between England and France, which is being managed by the Anglo-French consortium Euro-tunnel.

The Arab trio are National Bank of Kuwait (NBK), Arab Banking Corporation (ABC) and

waiti borrower in the KD bond market since 1982. At the signing, World Bank vice president Ibrahim Shihata said: "The issue shows not only our confidence in the Kuwaiti dinar financial markets, but also in the financial institutions of Kuwait itself."

The fact that Kuwait has not evolved as a capital market for the Arab world, as had been hoped in the late 1970s, is perhaps explainable by the low volume of inter-Arab trade. Nashashibi rightly points out that any "unified Arab financial

loan finance equation is provisions. As a group, the Arab banks have not followed the trend set by big international banks in making big "one off" provisions. The tax advantages of taking such steps are not applicable to Arab banks, since the biggest are established in tax efficient jurisdictions.

Arab banks are refusing to grant loans in some Arab countries and in at least one emirate, Sharjah, if they are not domiciled there. Generally, Arab debtors want long-term money, which most of the smaller Arab commercial banks, heavily dependent on small deposits or the inter-bank market, cannot provide. More active are institutions, such as the Al Khobar-based Arab Petroleum Investments Corporation (Apicorp), which financed projects totaling \$475 million in 1986, up by 9 percent since 1985. Although market demand was subdued, Apicorp's five new loans in the past year helped national development plans in Algeria, Oman and the UAE.

If a regional loan market is to reopen in the Gulf, it will require a substantial oil price hike and a different legal framework in key countries such as Saudi Arabia. Many bankers say that the authorities are still not ready to make the necessary reforms to create real Gulf capital markets.

Ironically, the real reason why Arab borrowers are having difficulty raising funds is not so much that credit risks have increased, but that the focus of many international lenders has shifted to the developed world and its huge corporate sector. Even some Arab banks see it that way.

— John Wilson.



Arab Banking Corporation's new head office in Bahrain.

the Paris-based Union de Banques Arabes et Francaises (UBAF). André Benard, the joint chairman of Eurotunnel, believes that Middle East participation in the total loan package will be substantial.

Eurotunnel shows how far Arab banks have developed in loan finance. According to Hikmat Nashashibi, chairman of the London-based Arab Bankers Association, Arab banks in the period 1978-86 lead-managed Euroloans for various international borrowers to the tune of \$48 billion. Of this figure, \$21 billion, or 43 percent of the

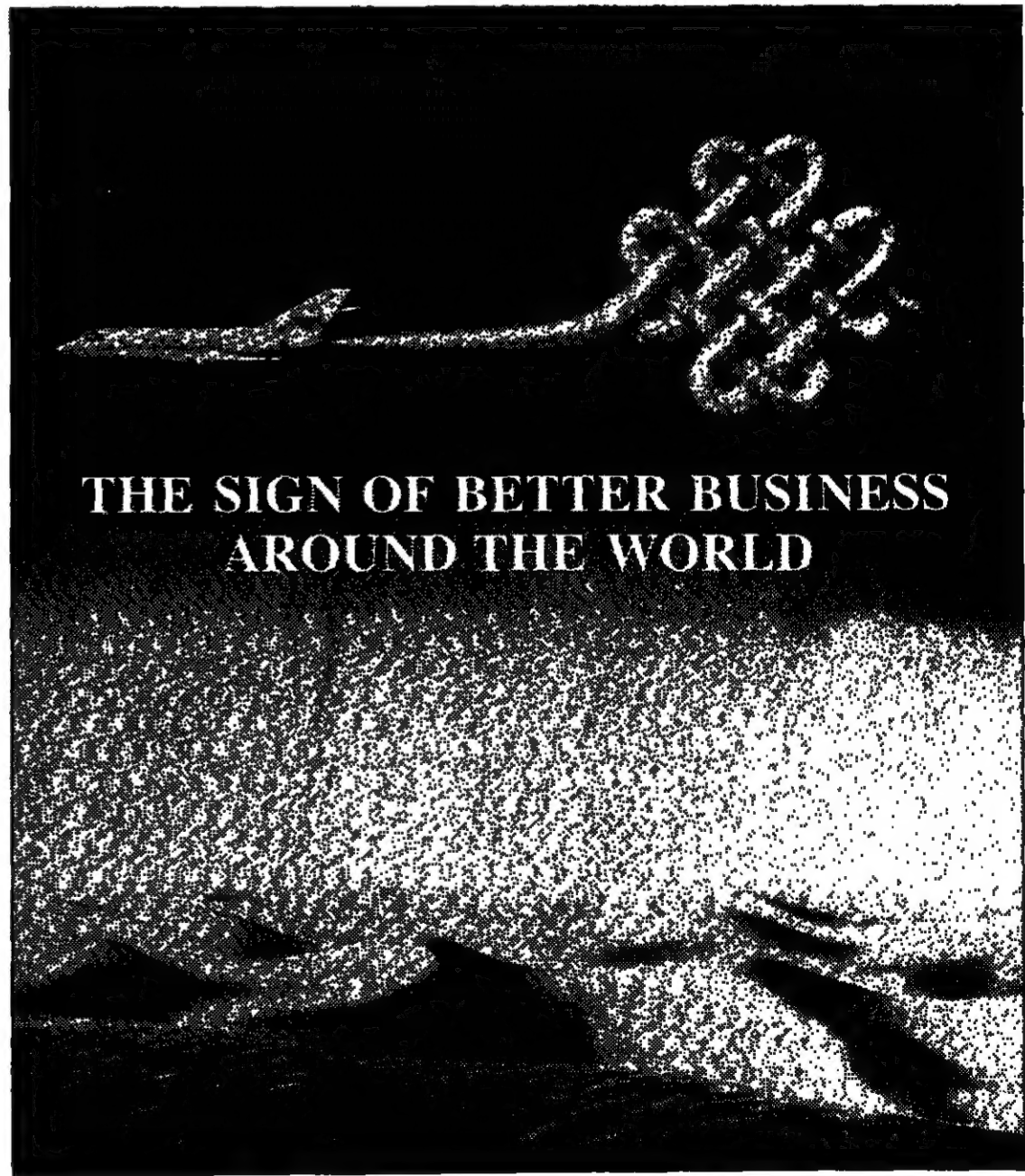
market" will always be lacking due to the weakness of commercial links between Arab countries. In Kuwait the Inter-Arab Investment Guarantee Corporation has set up an export credit guarantee scheme, which it is marketing in the region and to Arab-owned banks in Paris and London. Trade between Arab League states represents only six percent of their total exports and nine percent of total imports. "Clearly," said one Saudi banker, "there is a case for more inter-Arab lending to boost trade."

The other side of the



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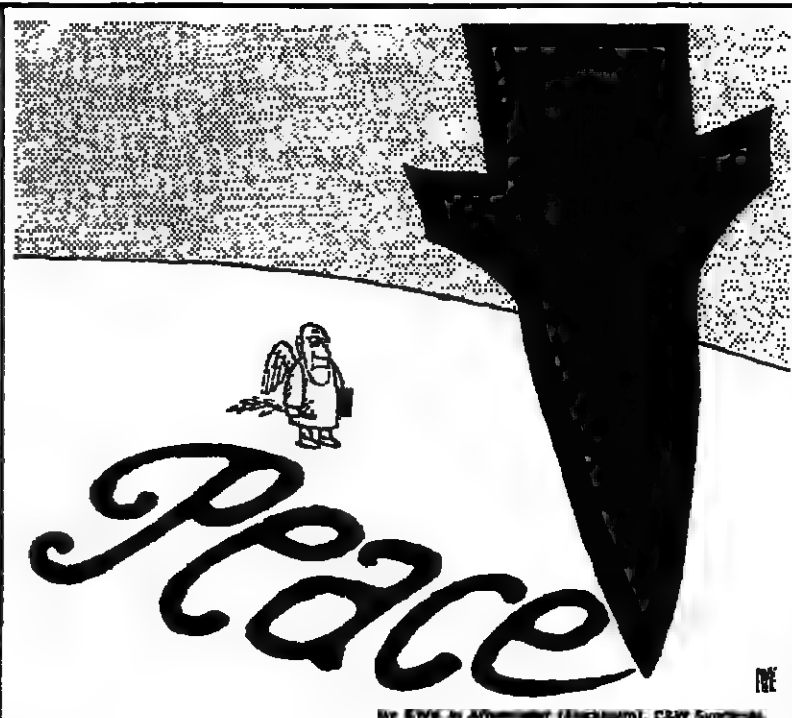
**The Press  
Has a Duty  
To Publish**

**By A.M. Rosenthal**

## ON MY MIND

## Poland: A Test of Openness

**The New York Times.**



## M'Bow and UNESCO: Controversy Is Built Into the Job

**D. DIENE**  
Spokesman for the Director-General  
UNESCO, Paris

done. (This apparently is the case)

PAUL PETRESCU.

## A Question of Security

JOSEPH LERNER

**ROGER LEWIS, Director.**  
Development and Communications.  
American Community Schools.  
Cobham, England.

**By Jonathan Engel**

## MEANWHILE

Slip and strategically placed to make the most effective still faces a pallor problem—unless he's wearing a polo shirt that allows radio infiltration to produce an even tan with no alligator marks.

Executives need to sleep soundly. Two devices in particular do the trick. One of them by eliminating the morning of your not-so-silent partner's wrist, this "radio sensor detects the first sounds of morning, then emits a gentle static pulse" to the brain, interrupting the morning pattern, but not the wearer's sleep. The other, not tell how the brain reacts to this electric barrage if the wearer is not the one saving the moors—or whether the detector reacts to moors of large household animals.

The other necessary device for a deep sleep provides the "white noise" of moving water to create "a soothing, relaxed atmosphere, drenching the brain of extraneous thoughts." This versatile unit can synthesize "the sound of falling rain, the waterfall or the gentle lapping of the surf." If you prefer to let your bathroom faucet run, you're not on the fast track.

*International Herald Tribune.*

## Americans Bid a Fond Farewell To Paris' New Flame of Liberty

By Camille McDuffie

and who crafted the Liberty Flame. They are skilled in *repoussé*, the raised relief technique originally called for by the French architect who designed the statue, Frédéric August Bartholdi. Wiant and his team spent more than four months building the

tion for the Statue of Liberty. After its Air France flight to Paris, the Flame now awaits a second celebration in its honor. This comes Oct. 1, at a benefit dinner at the Palace of Versailles, marking the arrival of the Flame in France. The monument will be installed this winter at a permanent site in Liberty Park.

*This is the 32nd in a series of messages about the IHT which will appear throughout the Centennial year.*

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## ARTS / LEISURE

## Puttnam and Columbia: The Chariots of Change

By Aljan Harnett  
New York Times Service

LOS ANGELES — When David Puttnam resigned as chairman of Columbia Pictures last week, secretaries and carpenters kicked the walls or cried. Actors, agents and producers opened the champagne.

Puttnam, the British producer of such notable movies as "Chariots of Fire" and "The Killing Fields," had declared he would transform Hollywood. Instead, he resigned 13 months after he took charge of Columbia, and his short reign says as much about Hollywood as it does about the gentleman boss in shirt sleeves.

He announced his resignation in the off-the-cuff way that kept driving his publicity department crazy. It was at a monthly seminar, called "The Reel Truth," he held for any Columbia employee — from prop man to vice president — who wanted to talk about the studio's new films. The real truth about David Puttnam is more opaque.

Did he resign by choice or was he

pushed? He was enough of a realist to want to make entertaining movies, and enough of an idealist to want his films to have social value. He insisted he would change "the abuses of the system." To avoid the salary games that were partly responsible for inflated budgets, he said a few months ago that Columbia would not pay actors more than they usually earned. And Columbia would not work with "phony producers who put their brother-in-law's salary on their budget."

What surprised and dismayed him most about Hollywood was the amateurishness. As the producer of two dozen movies, he had been the complete professional. Now as an Englishman colonizing foreign shores, he wanted to change the way the natives did things. Did the system defeat him or did he defeat himself?

Immediately after he took over Columbia in August 1986, Puttnam signed Bill Cosby. In "Leonard: Part VI," a comedy-adventure scheduled to be released on Dec. 18, Cosby plays a former superspy who

thwarts a villain who can turn docile animals into killers. In an unfinished version, the film received two research screenings and the response was poor.

According to Columbia sources, Victor Kaufman, who has been put in charge of Columbia as well as Tri-Star as part of a financial reorganization by Coca-Cola Co., told executives not to screen the film again because it played too poorly.

Cosby has been reported to be angry with Columbia. Observers on the set of "Leonard: Part VI" confirm the tension between Cosby and Puttnam. The movie's inexperienced British director, Puttnam had given Weiland the task of just as he had hired Ridley Scott, Alan Parker, Hugh Hudson and Adrian Lyne out of commercials.

But Puttnam's personal movies had not had stars. This was Hollywood, and the star system means that stars must be kept happy. Cosby has made a public statement with his feet. He has signed to do his next movie with Warner Brothers.

In answer to questions about whether he was unhappy with Columbia, Cosby replied through a spokesman, "I am very pleased with the material we have and are now in the process of editing."

When Puttnam was hired by Coca-Cola, he was the first real filmmaker to run a movie studio in decades. He agreed to head the studio for only three years, a contract that Hollywood's power brokers found incredibly naive. Since movies take a minimum of 15 months to write, produce and distribute, his self-imposed contract would make him a lame duck by the start of his third year.

Puttnam was convinced that the soft-drink giant would give him autonomy to build a studio that looked toward the world market and he formed a team that included British and Australian executives.

"David confused soft Southern accents with Southern gentlemen," said a producer who has worked with Puttnam, as well as with every other studio head in town. "Even though he spoke too much and kept putting his foot in his mouth, it's a



David Puttnam: Naïve?

shame. Because his aspirations were right."

These comments echo a theme in the industry's executive suites. If Puttnam had stopped talking about changing the system he might have been able to change it.

Puttnam spoke about the kinds of reasonably priced movies he wanted to make with actors who were interested more in the roles than the money. He cited "Faster" as a nightmare example of a picture that cost \$13 million (of a reported total cost of more than \$40 million) simply to buy two stars and a director. And he said that "Ghostbusters II" would not be made if it required paying Bill Murray as much as he was asking.

There are studios that do not want to make movies with expensive stars like Beatty, but nobody says it out loud.

In the end, Puttnam's demise was not because of his refusal to play the company game in a company town. He was simply the accidental fall guy in a stock deal. He was unseated because Coca-Cola wanted to maximize its assets and folded Columbia into Tri-Star.

Puttnam will return to producing pictures for Warner's, but his Columbia movies, a dozen or more, will be around through the summer of 1988. He was watching his words the day after he resigned. Kaufman had promised that Puttnam's team, headed by Columbia's president, David Picker, would be given a chance to run the studio. And he did not want to say anything that would interfere with his chance.

Hollywood regarded his belief in such assurances as another example of his naïveté.

## Archer's Courtroom Melodrama

By Sheridan Morley  
International Herald Tribune

LONDON — Before it opened last week at the Queen's Theatre, Jeffrey Archer's "Beyond Reasonable Doubt" had already taken £500,000 (about \$800,000) in advance sales. One could therefore as usefully review the gold bars in the Bank of England as a thriller which is thinly covered in dust and comes as a gently seamless reminder of the kind of courtroom melodrama that used to play Saturday teatime matinees

## THE LONDON STAGE

at seaside repertory theaters in the days when they could still afford a dozen actors in expensive clothes and two big sets.

Reviews are not supposed to reveal too much plot, though it can safely be disclosed that as the curtain rises we find Frank Finlay as the chairman of the Bar Council defending himself on a charge of wife murder, with Jeffrey Wickham appearing for the prosecution before Andrew Cruickshank's avuncular Scots judge. Act 1 is the trial, and for Act 2 we are transported in flashback to Finlay's stately home where we find his wife (Wendy Craig), a friendly solicitor (David Langton) and an eventual explanation of what really happened. If the first half of the play is a homage to Agatha Christie, the second half is a tribute to Terence Rattigan. Veritable jokes about cricket and the bar, with an occasional quote from Dylan Thomas for the intellectuals.

Complete with requisite final twist, Archer's play seems to have been not so much written as assembled from the spare parts of earlier stage thrillers. It is immaculately played, directed (David Gilmore) and designed (Tim Goodchild) but ultimately as dead as the corpse which caused the trial. For all that, this one will (as they say) run and run: not exactly a whodunit or a howdunit or a whydunit, all of which can be worked out early in the first scene, nor even a latter-day mix of snobbery with violence, but instead a familiar old English court circular. Whatever his literary or dramatic shortcomings, Archer has always had a sharp sense of British popular taste, and what local audiences have always much enjoyed is a really slow and uneventful thriller.



David Langton in "Beyond Reasonable Doubt."

er. That is how "The Mousetrap" has survived these last 40 years.

□

Apart from a very occasional musical or National Theatre revival of "Golden Boy," the British theater shamefully ignores the work of Clifford Odets who, though a lesser dramatist, opened up the confessional dramatic path to Arthur Miller and even Tennessee Williams in the United States. It is therefore greatly to the credit of the commercial production team of Martin Shaw (actor), Robin LeFevre (director) and Bill Kenwright (producer) that they have embarked on an Odets-where-is-the-ghost policy of West End recognition which started with "The Country Girl" a few years ago and now continues with "The Big Knife" at the Albany.

First seen on Broadway in 1949 with John Garfield (about whom it might in many respects have been written) and filmed five years later with Jack Palance, this is ostensibly the story of an actor having to choose between his artistic theatrical soul and a long-term Hollywood contract, though it is also of course largely about Odets himself and his own career agonies. Fearing perhaps that they alone would not be enough to sustain audience interest, the author gave his play a creakingly melodramatic undertone. The star actor has killed a child in a drunken car crash, and it is that knowledge which the studios use to blackmail him into signing for another stint of rubbishy movies.

Yet the moral dilemma at the heart of an overlong and overwrought script has little to do with a dead child or a drunken driver. It's about a socialist man selling out to a capitalist system. Coming from the author who 14 years earlier had written "Awake and Sing" and "Waiting for Lefty" and was 14 years later to die in California writing television soap operas, it has a ghastly kind of midlife-crisis fascination. But the real trouble with Odets was that he was deeply in love with the sound of his own typewriter, and all too often in this fable of moral absolutes the dialogue sounds like Eugene O'Neill filtered through Heidi Hopper. The movie was mainly remarkable

for Ida Lupino as the noble, tortured wife and Rod Steiger as the hugely evil, faintly gay mogul reeking of the sour smell of success. On stage that balance of power has shifted so that Gayle Hunnicutt and James B. Sikking give performances of such restrained good taste as to make themselves almost invisible. It is thus left to Shaw to convey a vague impression of ethics under pressure, while alone in a large cast David de Keyser as his agent catches precisely the right seedy celluloid memories.

□

For reasons that so far escape me, the National Theatre in the closing months of its Peter Hall management has suddenly acquired a deep interest in community plays about working conditions in the west of England a century ago. While we await Hall's own production of David Edgar's "Entertaining Strangers" (pub workers in trouble in Dorset), we have on the Cottesloe stage Michael Rudman's production of Nick Drake's "Tang Tang Mine" (copper miners in trouble in Cornwall), a folk musical which might have played better with a large amateur cast on its own home territory rather than within the more cramped confines of the National's studio stage.

We are an agile in-the-round production, but no real sense that the audience and its players are much for or about any of the characters in a somewhat confused tale which bits of it really matter.

## Washington, Moscow Work at Cultural Thaw

By Celestine Bohlen  
Washington Post Service

MOSCOW — Washington and Moscow are working on improving their relations, and they are going to start with a little song and dance.

The thaw under discussion is not between the two superpowers, but between their two capitals, which are now looking ahead to a full program of cultural exchanges to begin in January.

The original idea, broached by the Washington and Moscow Capital Citizens' Exchange, working with the support of the mayor, Marion S. Barry Jr., and the city council, was to explore the establishment of a sister-city relationship.

But halfway through their visit to Moscow last week, the Washington group learned that Moscow does not have sister cities, just bilateral relationships. "Peculiarities exist everywhere," explained Georgi Dyakov, external relations officer for the Moscow city council.

Undeterred by technicalities, the Washingtonians lobbied their cause and left town with tentative commitments for a full range of cultural events that could start as soon as next year's Martin Luther King holiday.

"We were told they hold King in great reverence here too," said Ted Gay, co-chairman of a Washington blue ribbon committee on the arts and economic development.

Fritz Cohen, president of the citizens' exchange, established the group in 1985 as an offshoot of the peace movement. It now boasts 300 members and a source of cash, which was raised at a party last summer held in honor of the visiting Bolshoi Ballet.

"We're looking for a way out of the nuclear dilemma," sister cities seemed like a natural," said Cohen. The Washington delegation also included Cliff Smith, a member of Barry's cabinet and Jan Rothchild, a special events organizer.

Typically, establishment of a sister-city project starts with an exchange of visits by the mayors. In this case, the two sides are contemplating a satellite hookup between the two capitals at which Barry and Valery Salikin, the Moscow mayor, would participate.

Washington has sister-city relationships with Beijing, Dakar and Bangkok and less formal ties with Brussels, Moscow, which is not a member of the International Federation of twin cities, has relationships with 70 cities around the world.

So far, in the negotiations, Washington has been the one to come forward with concrete proposals, which range from visits to Moscow next year by a vocal group, poet, filmmaker and dancer. Other ideas included a dialogue on environmental issues; exchanges of photo exhibits, jazz and theater groups and visiting artists.

To maintain symmetry, Moscow will appoint an equivalent citizens group to select Soviet groups and shows that will pay the return visit to Washington.

"We didn't invent the wheel, but we are revolutionizing the ways it performs."

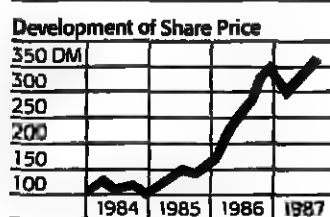


When it comes to breakthroughs in tire technology, the Continental group has an outstanding track record. For instance, we developed the first pneumatic tire with tread, the first tubeless tire, and the first special winter tire.

Now, Continental has created two new products that promise to revolutionize the global tire industry: CTS (Continental TireSystem) for passenger cars and EOT (EnergyOptimized-Technology) for trucks.

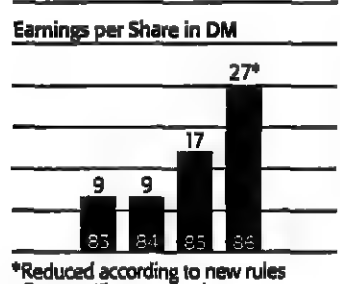
CTS features an innovative design that produces more economy, more safety and more comfort as well as the

possibility of driving up to 400 kilometers in an airless state. The EOT system enables 5% lower fuel consumption and 10-30% higher mileage.



CTS and EOT are just two examples of top performance on wheels from the Continental group, which ranks 1st in tire production in Germany, 2nd in Europe, and 4th internationally with the acquisition of General Tire. Over the years, Continental has consistently increased sales, profits and market share, rewarding the confidence of over 42,000 shareholders at home and abroad.

With the acquisition of General Tire of the USA, plus innovations like CTS and EOT, Continental has strengthened its growth and earnings potential substantially. The group is quite well positioned to build



\*Reduced according to new rules German Financial Analysts

on its already strong performance of the past five years and to achieve significant market expansion in the coming years.

For complete information on Continental, our products and performance, just contact: Continental Aktiengesellschaft Königsworther Platz 1 P.O. Box 1 69 D-3000 Hanover 1 West Germany

Top Performance on Wheels

Continental



Ayer Edges Out Thompson For Burger King Account

By PHILIP H. DOUGHERTY
NEW YORK — N.W. Ayer Inc. has won Burger King Corp.'s \$200 million assignment in the biggest account switch in advertising history.

Thompson is expected to let up to 100 people go as a result of the switch.

Thompson, Ayer and D'Arcy Masius Benton & Bowles were finalists in a competition that started with 30 agencies. Burger King, a Pillsbury Co. subsidiary, has 4,700 outlets in the United States.

For Millions in U.S., a Job Costs Too Much

By Louis Uchitelle
New York Times Service

BOSTON — By all the rules of economics, Donna Van Name should be back in the work force. In prospering Boston, jobs go begging, particularly the sort of clerical work that Ms. Van Name did for John Hancock Mutual Life Insurance Co. until her second son, Michael, was born in 1985.



Floating from job to job is Maria Nieves, left, with her husband, Augusto, grandson, Jose, and daughter, Ivette. Mrs. Nieves now is working as a sewing machine operator, but says her output does not satisfy the company. At a Massachusetts store, evidence of worker shortages.

But going back to work means costly child care, and that would consume most of the \$6 or \$7 an hour that Ms. Van Name could earn as a clerk or typist in Boston. Even if she could afford the child care, "a lot of centers won't take children under three years old," she said. Her third child, Kaitlin, was born last fall.



The New York Times

At a time of declining unemployment and a growing economy, millions of Americans are remaining outside the work force. By Labor Department standards, they are not even counted as among the unemployed because they are not actively seeking a job.

They include 6 million people who want to work, but are not looking. Some of them, like Ms. Van Name, are among the 3.1 million mostly unwarranted mothers who receive Aid to Families with Dependent Children, the principal form of welfare.

Others are classified by the Labor Department as discouraged workers. They have given up the job search because they do not believe they can find work.

This is a sharp departure from previous periods. The Depression, for example, created a huge corps of "unemployables," people considered too unskilled, too destitute or too disoriented to enter the work force.

Overcrowded housing, poor health, lack of child care and isolation in slums are all barriers to work. "When you have a part of the society that has been pauperized, then you have also made them unemployable," an economist said.

When they do not work they float," said Harley Shaiken, a labor economist at the University of California at San Diego. "They are the millions of statistically invisible people too discouraged by low wages to be more than marginally attached to the job market."

But World War II brought them in anyway. And those on the sidelines in the early 1950s and late 1960s eventually went to work in significant numbers, when the unemployment rate dipped sharply and companies found themselves short of workers.

workers. They have given up the job search because they do not believe they can find work. Among them are laid-off factory hands reluctant to take lower-paying jobs.

Although Mrs. Nieves, who is 42, has a high school equivalency certificate, her weak English limits her job opportunities, and she is not even qualifying for en-

But this time around, with civilian unemployment having fallen steadily to 6 percent, the low-

est level in 13 years, the magnet of unfilled jobs is failing to exert its usual pull.

rollment among the unemployed.

Higher Rates Cloud G-7 Currency Accord

Japanese Monetary Policy at Issue

By Reginald Dale
International Herald Tribune

PARIS — The West's seven leading industrial countries have emerged from their latest summit in Washington confident that they are beginning to reassert a degree of control over the world economy — enough, at least, to stabilize exchange rates for the time being.

They could not, however, banish nagging doubts that rising interest rates could jeopardize their efforts in the months ahead.

As if to justify the generally self-congratulatory mood in Washington, the dollar performed perkily in Europe and the Far East on Tuesday, although it was also helped by technical factors. But initial market reaction to the latest official effort to steady the dollar has been respectful.

After their weekend talks, the Group of Seven — the United States, Japan, West Germany, Britain, France, Italy and Canada — made it clear that they would continue to employ the same strategy that has kept the U.S. currency relatively stable for the past seven months. That strategy, set in place by February's so-called Louvre agreement in Paris, involves closer coordination of economic policies, backed by judicious currency intervention.

Ministers and central bankers attending the Washington talks expressed satisfaction with the arrangement. "We can only wait and see how it works out, but so far we've had enough cooperation among

countries to help the exchange rate levels stay within the correct range," a senior U.S. Federal Reserve Board official told Reuters.

But amid the soothing phrases generally employed by officials when they want to stabilize exchange rates, many of the participants both privately and publicly expressed the fear that the difficulty of controlling interest rates could prove to be the strategy's Achilles' heel.

Everybody would prefer to see "a certain stability" in interest rates, but their levels "cannot be decreed," — Edouard Balladur, French finance minister

As it is, interest rates in Japan, West Germany and other countries have crept up, following those in the United States, over the past five months. And market rates in both Japan and West Germany have risen since Alan Greenspan, the new Federal Reserve Board chairman, moved to increase the Fed's discount rate by a half-point to 6 percent earlier this month.

Analysts have said the Fed moved partly to support the dollar. West German officials in Washington said that a rise this month in a key Bundesbank interest rate did not really mean a tougher monetary approach. But Japan's position has been ambiguous.

As the Washington meetings began last weekend, the United States was putting pressure on Japan to deny press reports that a rise in its 2.5 percent discount rate was imminent.

Satoshi Sumita, the central bank governor, did so at first, but then told reporters that Japan had made no commitment. He added that while the bank would not raise its key rate immediately, monetary policy should be flexible.

Japan made no official promise to the United States that it will not raise the discount rate for the time being," he said.

Karl Otto Pöhl, the Bundesbank president, said he was worried that West German market rates were too high compared with those of the central bank; he suggested it was the market rates that needed to fall.

Salomon Rejects Offer by Revlon Topping Buffett

By Robert J. Cole
New York Times Service

NEW YORK — Ronald O. Perleman, the chairman of Revlon Inc., has offered to outbid the investor Warren E. Buffett for a substantial minority stake in Salomon Inc., the parent of Salomon Brothers, Wall Street's biggest investment banking house.

Salomon said its board unanimously rejected Mr. Perleman's offer. Mr. Perleman on Monday offered Salomon the same \$700 million as Mr. Buffett, but said he would accept a 10.9 percent stake, instead of the 12 percent Mr. Buffett would receive.

Under this plan, Mr. Perleman would be willing to pay \$42 a share for his stock in Salomon, rather than the \$38 that Mr. Buffett agreed to pay.

Salomon stock closed Tuesday up \$2.25 at \$37. Mr. Perleman put Salomon on notice that he was seeking government antitrust clearance to buy stock if Salomon was "unable or unwilling" to sell him a part of the company.

Dart Raises Dayton Bid By \$3 After Rejection

The Associated Press

LANDOVER, Maryland — Dart Group Corp. sweetened its unsolicited offer Tuesday for Minneapolis-based retailer Dayton Hudson Corp. by \$3 to \$68 a share, after rejection of a previous bid.

Herbert H. Haft, Dart's chairman and Robert M. Haft, the president, said in a letter to Dayton's board they would pay \$68 a share plus stock in the merged company for each of Dayton Hudson's 97.4 million outstanding shares.

That raises the total of the bid to \$6.62 billion from around \$6.3 billion. The Haft said they were disappointed by Dayton's rejection of their \$65-a-share first offer, made Sept. 17, and complained that it was turned down without any discussion with them.

"We believe that Dayton Hud-

son has not realized the promises or potential to which its stockholders are entitled," the Haft said. Spokesmen for Dayton Hudson were not available for comment on the new bid.

GROUP DING CO. IN EGYPT

Currency Rates

Table with multiple columns showing currency rates for various countries including Germany, France, Japan, etc.

Interest Rates

Table showing interest rates for different currencies and terms.

Asian Dollar Deposits

Table showing Asian dollar deposit rates.

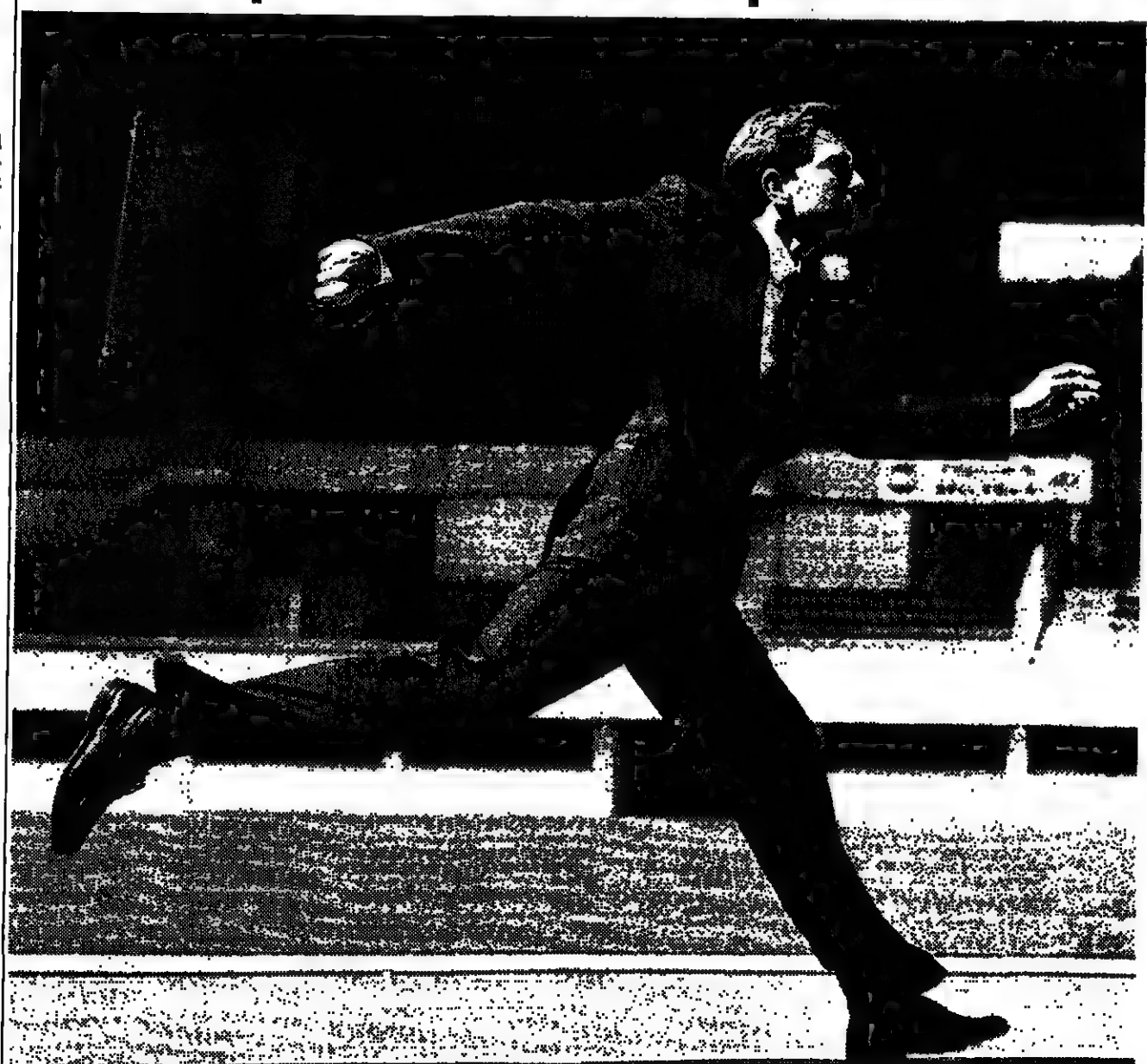
U.S. Money Market Funds

Table showing U.S. money market fund data.

Gold

Table showing gold prices and related data.

One step ahead thanks to quick decisions.



GZB-VIENNA

Genossenschaftliche Zentralbank AG. Text describing the bank's services and contact information.



## NYSE Most Active

Vol.	High	Low	Last	Ch.
3000	31 3/4	31 1/4	31 3/4	+1/4
2000	31 1/4	31 1/4	31 1/4	0
1500	31 1/4	31 1/4	31 1/4	0
1000	31 1/4	31 1/4	31 1/4	0
500	31 1/4	31 1/4	31 1/4	0
250	31 1/4	31 1/4	31 1/4	0
100	31 1/4	31 1/4	31 1/4	0
50	31 1/4	31 1/4	31 1/4	0
25	31 1/4	31 1/4	31 1/4	0
10	31 1/4	31 1/4	31 1/4	0
5	31 1/4	31 1/4	31 1/4	0

## Market Sales

NYSE 4 a.m. volume	173,330,000
NYSE prev. close	219,424,000
NYSE 4 p.m. volume	1,010,000
NYSE prev. close	11,230,000
NYSE 4 p.m. volume	181,130,000
NYSE prev. close	1,070,000
NYSE volume up	64,322,000
NYSE volume down	64,322,000
NYSE volume up	4,027,000
NYSE volume down	4,027,000
NYSE volume up	4,027,000
NYSE volume down	4,027,000

## NYSE Index

Composite	181.47	180.04	180.06	-0.02
Industrials	223.35	221.34	221.34	0.00
Utilities	113.06	111.06	111.06	0.00
Finance	77.84	77.59	77.59	0.00
Commodities	124.44	123.41	123.41	0.00

Tuesday's  
NYSE  
Closing

Via The Associated Press

## AMEX Diary

Advanced	304	301	301	0
Declined	284	281	281	0
Unchanged	284	281	281	0
Total Issues	872	863	863	0
New Issues	27	27	27	0

## NASDAQ Index

Composite	441.86	441.86	441.86	0.00
Industrials	441.86	441.86	441.86	0.00
Utilities	441.86	441.86	441.86	0.00
Finance	441.86	441.86	441.86	0.00
Commodities	441.86	441.86	441.86	0.00

## AMEX Most Active

Arco	5000	30 1/4	30 1/4	0
Amgen	2000	20 1/4	20 1/4	0
Amgen	2000	20 1/4	20 1/4	0
Amgen	2000	20 1/4	20 1/4	0
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Amgen	2000	20 1/4	20 1/4	0
Amgen	2000	20 1/4	20 1/4	0
Amgen	2000	20 1/4	20 1/4	0
Amgen	2000	20 1/4	20 1/4	0

## Dow Jones Bond Averages

Bonds	100.00	100.00	100.00	0.00
Utilities	100.00	100.00	100.00	0.00
Industrials	100.00	100.00	100.00	0.00

## NYSE Diary

Advanced	434	431	431	0
Declined	434	431	431	0
Unchanged	434	431	431	0
Total Issues	868	862	862	0
New Issues	27	27	27	0

## Odd-Lot Trading in N.Y.

Buy	244,281	244,281	244,281	0.00
Sell	244,281	244,281	244,281	0.00
Total	488,562	488,562	488,562	0.00

## Dow Jones Averages

Index	2908.28	2908.28	2908.28	0.00
Time	1808.28	1808.28	1808.28	0.00
Close	2908.28	2908.28	2908.28	0.00
Open	2908.28	2908.28	2908.28	0.00

## Standard &amp; Poor's Index

Industrials	118.08	118.08	118.08	0.00
Utilities	118.08	118.08	118.08	0.00
Finance	118.08	118.08	118.08	0.00
Commodities	118.08	118.08	118.08	0.00

## NASDAQ Diary

Advanced	1212	1212	1212	0
Declined	1212	1212	1212	0
Unchanged	1212	1212	1212	0
Total Issues	2424	2424	2424	0

## AMEX Stock Index

High	307.25	307.25	307.25	0.00
Low	307.25	307.25	307.25	0.00
Close	307.25	307.25	307.25	0.00
Open	307.25	307.25	307.25	0.00

## NYSE Falls in Moderate Trading

NEW YORK — Prices on the New York Stock Exchange slipped late Tuesday in active trading as investors turned their attention from a strong dollar and succumbed instead to worries about the bond market's persistent weakness.

The Dow Jones industrial average fell 10.93 points to close at 2,908.28, after rising 31.33 points on Monday. Losing issues outnumbered gaining ones by about 3 to 2.

Volume amounted to about 173.5 million shares, down from 188.7 million on Monday. Prices were also lower in moderate trading of American Stock Exchange and over-the-counter issues.

Traders said a strong dollar gave equities some support but that weakness in bonds curbed enthusiasm. They described investors' mood before the end of the quarter as apathetic and nervous.

Bill Lord, a trader at Shearson Lehman, said a collapse of bonds late in the session was the main culprit in the stock market's fall. He also cited futures-related arbitrage.

Mr. Lord said the decline in stocks still left the market ahead for the week, and he added that any further move down would be limited.

"It's a very nervous market," said Edward Shopkorn, partner in charge of institutional equities at Mabon, Nugent & Co.

"The stock market is still basically following bonds," said Newton Zinder of E.F. Hutton. "So until you see some improvement in bonds, you're not going to see much improvement in stocks."

Dennis Jarrett, technical analyst at Kidder, Peabody & Co., said the dollar's strength should spur buying interest in both the bond and stock markets as the week progresses. He predicted that the market would move higher this week and that the Dow would end the year near 2,900.

Arco Chemical led the actives, rising 3% to 35%, from an initial offering price of 32. The stock was offered by Atlantic Richfield, and amounted to 19.5 million shares. Atlantic Richfield itself rose 3% to 94%.

Southern California Edison, trading ex-dividend, was second on the actives, falling 1% to 31%.

IBM, which dropped 3% on Monday, shed an additional 2% to 150%. Traders again cited negative comments based on chart analysis and a recent arbitration ruling on a dispute with Fujitsu.

Salomon Inc. jumped 2% to 36%. Ronald O. Perleman, head of Revlon Inc., said he wants to buy stock in Salomon as an investment. The development, coming a day after Salomon agreed to sell convertible preferred shares to Warren E. Buffett, kindled some takeover speculation. Salomon rejected Mr. Perleman's proposal to buy preferred shares.

Issues of other securities firms rode along on the Salomon news. First Boston gained 1% to 44, Morgan Stanley 2 1/2% to 79%, Shearson 1% to 26, Merrill Lynch 1% to 38 and E.F. Hutton 1% to 37%. American Express, parent of Shearson, gained 1% to 35%.

(UPI, Reuters)

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724	Medtron	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89
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## Compaq Unveils Faster Computers

**Reuters**  
NEW YORK — Compaq Computer Corp. introduced Tuesday new versions of its desktop and portable computers based on Intel Corp.'s state-of-the-art 80386 microprocessor. It said the computers are faster than competing models.

Compaq said the new computers are up to 25 percent faster than their 20-megahertz, 80386-based computers and up to 50 percent

faster than 80386 computers running at 16 megahertz. It said the machines are faster than 80386-based machines made by International Business Machines Corp. and Tandy Corp.

IBM is now selling a 16-megahertz 80386-based computer and will begin shipping a 20-megahertz model in the fourth quarter.

Compaq said it will offer three models of the new desktop machine.

The Model 60, priced at \$7,499, includes a 60-megabyte, or million, bytes of storage, fixed-disk drive. The Model 130 has 130 megabytes of fixed storage and costs \$9,499.

The Model 300, priced at \$12,499, has 300 megabytes of fixed storage.

Compaq also unveiled software, developed jointly with Microsoft Corp., that lets 80386-based machines run more than one job at a time. Software is the programs that control the operation of a computer.

Compaq said its new Portable 386/Model 40 weighs 20 pounds (about 9 kilos) and is equipped with one megabyte of random access memory and 40 megabytes of fixed disk storage. It is priced at \$7,999.

The Portable 386/Model 100, priced at \$9,999, comes with 100 megabytes of fixed storage.

## Porsche Revenue, Hit by Currency Fluctuations, Fell More Than 4% in Year

**Reuters**  
STUTTGART — Luxury automaker Porsche AG, blaming sharp currency fluctuations for a slowdown in the crucial U.S. market, reported Tuesday that worldwide revenue fell more than 4 percent last year. It said that as a result it would go upmarket in the United States, concentrating on its top range 911 and 928 models.

Porsche said that worldwide revenue in the year to Aug. 1 slipped to 3.41 billion Deutsche marks (\$1.87 billion) from 3.57 billion DM the year before.

It gave no figure for profits but described them as satisfactory despite adverse currency movements and lower sales and revenue.

The company publishes profit figures in February. Last year net profit fell to 75.3 million DM from 120.4 million the year before.

Porsche said actual sales in the United States accounted for 62 percent of total sales.

It said that demand declined in markets outside the United States, including the domestic market. Exports accounted for 81 percent of total group turnover after 78 percent the previous year.

Porsche sold 49,976 cars worldwide in 1986-87, down from 53,254 the year before. Foreign sales rose to 42,132 from 41,194, and domestic sales fell to 7,844 from 11,340.

A company spokesman said Porsche planned to cut average daily production of its four-cylinder 924 and 944 models to 100 from 134, but would boost production of its classic six-cylinder 911, which is undergoing a face-lift.

Since the family-owned firm attaches great importance to exclusivity, cutting back numbers should be seen as a positive sign, several analysts said.

"It makes sense for Porsche to cut back on the 924 and 944 models and concentrate on the top end of the luxury car market," said Adrian Brundrett, car analyst at Citibank AG in Frankfurt.

Industry analysts said the other West German luxury car makers, Daimler-Benz

AG, which makes Mercedes, and BMW AG, were less reliant on the United States for sales than Porsche.

"Porsche is over-exposed in the United States," said Stephen Reiman, an auto analyst at London brokers UBS-Phillips & Drew.

Daimler and BMW have already retreated to the top-end of the U.S. market.

Daimler's 1987 U.S. sales are expected to rise to around 100,000 and BMW is likely to improve sales to 100,000 from 96,800, according to some analysts.

But Porsche sales are expected to fall 15 percent from 30,500 cars sold in 1986, they predicted.

## Brierley's Equity & Law Bid Is Raised to £457 Million

**Reuters**  
LONDON — Brierley Investments Ltd., a New Zealand-based financial group, said Tuesday that it has raised its bid for Equity & Law PLC to 450 pence (739 cents) a

share, valuing the British insurance company at about \$457 million.

Its cash bid, raised from 365 pence or £367 million offered on Sept. 4, follows acceptance last week by the British company's board of a sweetened bid of 446 pence by Compagnie du Midi, a leading French insurer.

With investors apparently expecting a higher counter bid, Equity & Law's share price on the London Stock Exchange jumped 20 pence to 455 pence Tuesday from its Monday finish.

Midi's offer, comprising shares valued at \$449 million or a full cash alternative of 435 pence, topped its earlier bid of 400 pence a share made after the first Brierley offer. Equity & Law had immediately rejected the first two bids.

Brierley owns 29.6 percent of Equity & Law through its unit IEP Securities Ltd. Midi is bidding through its British subsidiary, Compagnie du Midi U.K. Ltd.

Brierley said the offer was conditional on 50 percent acceptance from Equity & Law shareholders.

Brierley said it envisaged that Equity & Law's management would remain in place.

The British company had pretax profit of £8.3 million last year, on premium and investment income of £568.8 million.

## Blue Arrow Issue Is Below Target

**Reuters**  
LONDON — Blue Arrow PLC, a British employment agency, said Tuesday that its related rights issue of £377 million (\$1.37 billion) received fewer-than-expected shareholder acceptances of 48.9 percent.

Blue Arrow, which had predicted 70 percent acceptance rate, offered shareholders five new shares for every two held at 166 pence each. It was the largest British rights issue from a company outside the oil sector, surpassing National Westminster Bank PLC's \$714 million issue in May 1986.

Blue Arrow shares traded as high as 170 pence Tuesday morning, and the company said that the remainder of the \$64.4 million new shares as been sold on the London Stock Exchange at an average price of 162.25 pence.

**Asia Pacific Growth Fund**  
Weekly net asset value on 26-9-1987 U.S. \$4.98  
Listed on the Amsterdam Stock Exchange

Information:  
Pieroon, Holding & Pierson NV,  
Herengracht 214,  
1016 BS Amsterdam.

**The Sow Cycle**  
When a bondholder breaks a term, the swift way for many of them to get cash is to sell the bonds. If they're not immediately needed, or when bonds were recently below \$20, they'll add trading costs to their ship-ments so that an interim gain becomes on-ly a small profit. Leveraged profit poten-tial in term bond issues is covered in our current Indigo studies — available with our compliments if you'll write, telephone or fax.

**Indigo** "Indigo is not a leveraged broker."

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**ADVANCE NOTIFICATION  
FRANCHISE AVAILABILITY  
PROTECT-A-PET**  
An ear stud for a dog or cat contain-ing microfilm data-pet name, owner name, phone number, medical infor-mation, reward, insures safe return of lost pet. Protected areas under world wide patent.

For further information:  
PROTECT-A-PET,  
Central Research of Capriolo,  
office 19, via. de Cella Km. 179,  
Mantova 25060, Mantova, Spain or  
telex 75674-Land E or Fax 779842.

**The Carlyle Hotel**  
Madison Avenue  
at 70th Street  
New York 10021  
Cable: The Carlyle New York  
International Telex 620692  
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since 1967

**Lch**  
The quarterly report as of  
30th June, 1987 of  
**Leveraged Capital  
Holdings N.V.**  
has been published and may be obtained from  
**PIERSON, HOLDING & PIERSON N.V.**  
Amsterdam

**VIKING FUND  
SICAV**  
Registered Office 2535 Luxembourg  
20 Boulevard Emmanuel Servais.

Notice is hereby given that an  
**EXTRAORDINARY GENERAL MEETING**  
of Shareholders will be held at the registered office of the Company,  
20, Boulevard Emmanuel Servais, 2535 Luxembourg, on October 19th,  
1987, at 9:00 a.m., with the following agenda:

- Present situation of the company and future prospects;
- Acceptance of the resignation of three Directors;
- Discharge to be given to those three Directors for the period ending on the day of the Extraordinary General Meeting;
- Change in the number of Directors from five to three;
- Election of one new Director;
- Mandate to be given to the Board of Directors to realize the restructuring of the company and mainly:
- Change its investment policy;
- Change the Prospectus for the offer of shares in the company;
- Miscellaneous.

To validly vote in person or by proxy at this Extraordinary General Meeting of Shareholders, registered shareholders must notify, in writing the Company at its address, 20, Boulevard Emmanuel Servais, 2535 Luxembourg, of their intention to be present or represented at the meeting, at least eight business days before the date of the Extraordinary General Meeting together with a proxy, if any.

Furthermore, registered shareholders, or their proxy shall have to produce their registered certificate(s) to be admitted to the meeting.

On behalf of the Company,  
**BANQUE PRIVEE EDMOND DE ROTHSCHILD S.A.**  
Luxembourg Branch  
20, Boulevard Emmanuel Servais  
2535 Luxembourg

**T**HE first time Tom Leffler and his team from Unisys met with Home Shopping Network they recognized a big idea whose time had come.

The idea was to start up a national cable TV channel to retail products directly to consumers. People would pick up the phone and order anything from garden hoses to diamond rings, right from their easy chairs, any time, night or day.

At the core of the idea, a computer

system. A system that could satisfy their immediate needs, but could also grow, and fast. There would be no time for software conversions. And, if that system wasn't in place on time, that window of opportunity would slam shut.

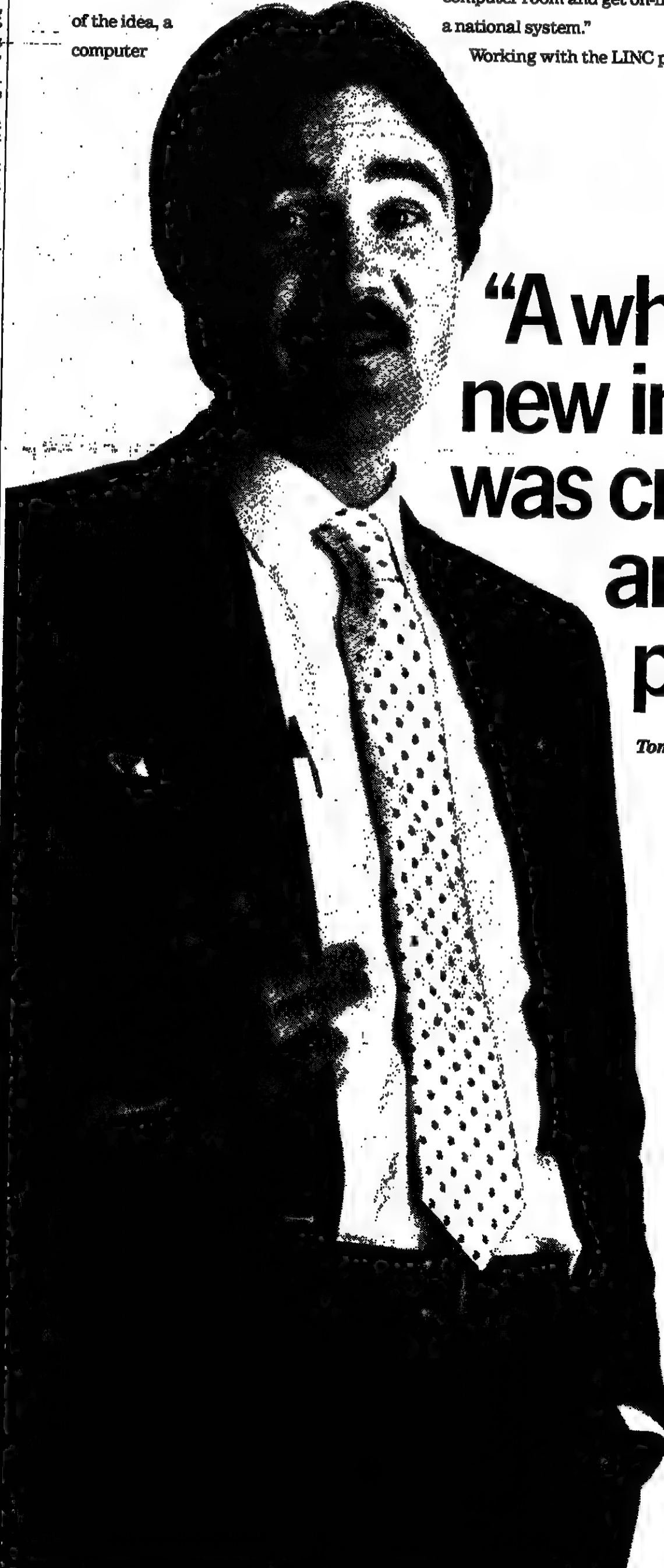
"We started working with HSN in April 1985. They were scheduled to go national on July 1, 1985. There were three months to rewrite an application, build a computer room and get on-line with a national system."

Working with the LINC productivity

tool and nine Unisys professionals, HSN had a working application in 90 days. In the next 18 months, they'd grown from zero revenue to almost \$700 million. "And they'd grown from our smallest mainframe to our largest computers. It's been incredible."

"But, you know what really won us the business: Unisys' entrepreneurial attitude and a willingness to get things done. We accepted our challenge to be a part of the whole plan."

Unisys and distribution. The power of 2.



**"A whole new industry was created and we were part of it."**

Tom Leffler, Marketing Manager, Unisys.

**UNISYS**  
The power of 2







## Iughes Sees 'Satellite' Phones in '92

**By Jacques Neher**  
*Special to the Herald Tribune*

**PARIS**—Hughes Aircraft Co. is the major aggressor on a technology that may allow it to launch palatial-but mobile telephone vans in 1992 over an area as large as the United States or Europe.

Donald B. White, president of Hughes Aircraft, said that the system potentially could be sold to car, truck manufacturers as well as roads, airlines and truck fleet operators. Hughes Aircraft is a subsidiary of GM Hughes Electronics Corp., which is owned by General Motors Corp.

The Hughes mobile phone system would compete against cellular site telephone communications one cities enable providing immediate service to motorists in cities not yet equipped with cellular jacks, Mr. White said last week during a presentation to institute officials in Paris.

It just has to be cheaper than plan," Mr. White said of the system. But analysts, noting that cellular phone prices were falling in the United States, largely disagreed.

Cellular systems that are being applied in major U.S. and European cities depend on a network of antennas that hand off a call

from one district, or cell, to another as a car moves through the city.

The Hughes system would depend on a geostationary satellite that would bounce microwave phone signals to and from cars equipped with a special antenna. The antenna, only a few inches in diameter, would be embedded in the roof of the car.

"The antenna would be a major breakthrough if it works," said Steve Tisch, an editor who covers mobile communications technology for the trade newspaper Communications Week. "It's always been the big challenge to build a small antenna that could hold a frequency coming from a satellite."

Hughes applied to the U.S. Federal Communications Commission earlier this year for permission to place a satellite in geostationary orbit above the United States.

If approval is granted by the FCC this year, the White House could have the satellite ready for launch in three years and put the system into operation by mid-1992.

"One satellite could handle millions of calls at the same time while serving areas as large as the United States," he said.

Another satellite, he added, could serve all of Europe, while

another could provide mobile phone calls across the Atlantic Ocean.

Charles Schelke, a telecommunications industry analyst for Smith Barney in New York, called the Hughes announcement "intriguing," but said he doubted that such a system would be cheaper to operate than land-based cellular phones.

"I would think the power that would be necessary to transmit the signal off a satellite would make it much more expensive," Mr. Schelke said.

A spokesman for Hughes said it was projecting that the motorist's equipment would range in price from \$1,500 to \$3,500, but that phone service could be priced as low as 15 cents per minute.

Mr. Titch said that "reasonably good" cellular phone equipment can now be purchased for around \$1,000, with the cost of service ranging from 30 cents to 50 cents per minute.

In the United States, about 800,000 cellular-phone customers will pay more than \$1 billion in phone service revenue this year, Mr. Schelke said. That figure is expected to rise to between \$3 billion and \$5 billion by 1995.

## Fiat Profit Rose 10.3%, Sales 38.6% in Half

**Rome** — Fiat profits rose 10.3 percent to \$1.3 billion (\$1.38 billion) in the six months to June 30 from 1.65 billion a year earlier, but forecasts a slow down in the second half because of increased tax on cars.

The automaker, which is Italy's biggest private sector industrial group, said that consolidated sales jumped by 38.4 percent to 19.9 billion lire.

Investments in plant and equipment surged to 1.32 billion lire from 549 billion lire.

Much of the new investment has been directed at the Alfa Romeo car subsidiary, which includes the Alfa Romeo group that Fiat bought last year.

While the combined operation will show a profit at the end of 1987, Fiat said, it does not expect Alfa Romeo to return to profit for another two years.

Fiat said the government's recently announced 4 percent increase in value-added tax would cut 22 percent would depress sales

## Floating-Rate Notes

Sep. 29

Dollars

Israel/Mex. Concan Next Bid Ask

Albania (France JUNE)	2.53	18.22	93.25	75.00	93.25
Algeria 97	2.42	11.22	100.00	75.00	93.25
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Gambia 97	2.42	11.22	100.00	75.00	93.25
Georgia 97	2.42	11.22	100.00	75.00	93.25
Germany 97	2.42	11.22	100.00	75.00	93.25
Ghana 97	2.42	11.22	100.00	75.00	93.25
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Guatemala 97	2.				

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Gambia 97	2.42	11.22	100.00	75.00	93.25
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Greece 97	2.42	11.22	100.00	75.00	93.25
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## ART:

### *ryton Bid Raised*

... (continued from first finance page)

retailers, partly because of mark-downs in its inventory's apparel and shoes and partly because of the cost of store renovations and expansions.

Under the company's other divisions are Target discount stores, Home Leisure leisure goods stores and Dayton Hudson department stores.

In July, a partnership headed by Haft's family bought more than \$10 million in Dayton Hudson stock. The Haft's said they believe are Dayton Hudson's largest shareholders.

The latest offer by Dart is more than the highest price at which Dayton Hudson's shares ever have sold, the Haft's said.

The Haft's repeated their offer to donate to Minnesota charities any profits they realize from their ownership of the company's shares in the event the company's shareholders reject the acquisition agreement.

In addition, the Haft's reiterated their intention to continue Dayton Hudson's policies regarding its employees, management and community responsibilities; to retain existing management; to maintain the company's headquarters at its present location; and to allow at least a majority of the directors of Dayton Hudson to serve on the new company's board.

## Guinness Peat Says Equiticorp Has Control

*The Associated Press*

**LONDON** — The merchant bank Guinness Peat Group PLC conceded Tuesday that Equitcorp Holdings Ltd., a New Zealand-based financial services company, had won effective control.

The bank wrote to shareholders saying it still thought the Equitcorp offer of 115 pence (£1.87) a share was inadequate but that Equitcorp's holding of 44.2 per cent of the shares gave it control.

Equitcorp said Monday it had bought 7.8 million shares since last Friday, increasing its holding from 32 per cent to 44.2 per cent.

Michael Kerr-Dinien, Guinness Peat's managing director, said in

**SALOMON: R**

(Continued from first finance page)

board meeting after receiving the Equitcorp offer. Afterward, the board issued a statement saying it intended to keep its agreement with Berkebile Hathaway Inc. Mr. Buffett is chairman of Berkebile.

Mr. Perelman, nevertheless, is expected to pursue a strategy of outbidding Mr. Buffett or going into the market if, as expected, he gets antitrust clearance. Mr. Perelman is understood to be thinking in terms of a 20 per cent stake in Salomon.

the letter that though Guinness Peat considered Equiticoorp's offer too low, its stake was big enough to prevent other potential bidders from boosting the price.

The letter advised shareholders to "realize their investment, either by selling shares in the market or by accepting Equiticoorp's offer, unless they wish to remain shareholders in Guinness Peat under Equiticoorp's effective control in the hope of securing greater long-term value."

Mr. Kerr-Dineen said he and other directors would continue to work under Equiticoorp, while taking up Equiticoorp's offer to buy some of their shares.

**Perelman's Perelman**

Officers of Salomon are said to have been conducting negotiations with Mr. Perelman almost until the announcement Sunday that Mr. Buffett had bought an interest in the company.

Along with the agreement with Mr. Buffett, Salomon paid \$80 million, or \$38 a share, to buy back 14 percent stake held by Minerals & Resources Corp., known as Minorco, which had been selling off its Salomon stake for some time. It then resold 12 percent to Mr. Buffett. Bermuda-based Minorco is a holding company controlled by

## Has Control

Mr. Kerr-Dineen said Guinness' opposition to the Equigold takeover offer had been at least partially successful in getting the bid raised from an initial 110 pence to 115 pence.

Guinness Peat shares traded 155 pence Tuesday on the London Stock Exchange, down 1 penny.

Robert Maxwell, the British publisher, who had said previously he wanted to acquire Guinness' entire share capital, said Fife's bid was withdrawing from the contest while holding about 14 percent of Guinness Peat shares.

He said Tuesday he had increased his stake to 14.98 percent.

**Wants a Large Stake**

Anglo American Corp. of South Africa.

As related by some sources, Fife's bid was "happy and willing" to let its stake to Mr. Perelman recently as last Wednesday.

Mr. Perelman is understood to have assured John H. Gutfreund, Bloomin's chairman, that he would agree to sign a so-called "no-poison pill" agreement, similar to one signed by Mr. Buffett, agreeing to buy more than 20 percent of the company until 1994 and not to acquire more than two board seats.

# China's first international business magazine.

Jointly published by  
Business Week, International  
Management, and  
the People's Republic  
of China



Articles come directly from BUSINESS WEEK, BUSINESS WEEK INTERNATIONAL, and INTERNATIONAL MANAGEMENT - all McGraw-Hill publications -

**INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 29th Sept, 1987**

[illegible]







## CURRENCY MARKETS

## Dollar Sharply Higher as Yen Suffers

W YORK — The dollar sharply higher Tuesday, regaining its strength in the yen's currency markets, where the yen has plummeted from a bond-market plunge and a fiscal-year currency.

New York, the dollar closed at 144.20, a six-week high, and up 44.35 on Monday. Overnight, the dollar had risen to 144.20, up from Monday's 144.20.

The dollar rose overnight in Tokyo as many investors bought up the proceeds of a large auction of Japanese government bonds, said Gopalan Nair, a resident in foreign exchange for Drexel Burnham Lam.

Monday, Japanese government bonds were sold in a market that was dominated by the Japanese central bank's official discount rate of 5 percent.

In addition, many corporations in Japan are expected to raise their official discount rates in the near future.

Nair said the dollar's rise in the Far East carried on the New York and London.

Just the Deutsche mark, the dollar closed in New York at 1.6280, up 1.3 pence from 1.6280 Monday. Earlier in Frankfurt, the dollar was at 1.6417, up 1.5 pence from 1.6253 Monday.

The dollar also closed in New York at 1.6285 French francs, up 6.0005, and at 1.5305 Swiss francs, up from 1.5160.

London, there were reports that the Bank of England had intervened to break the dollar's rise, Mr. Nair said.

The pound fell in London to 90 from Monday's \$1.6415. Later in New York, the dollar declined further, to close at 90, from \$1.6415 on Monday.

## London Dollar Rates

Currency	Unit	Rate
Deutsche mark	100	1.6280
Swiss franc	100	1.5305
Japanese yen	100	144.20
French franc	100	1.6285
British pound	100	90.00

Source: Reuters

The dollar was generally higher in London, but eased from six-week highs during late trading, dealers said, partly because of comments from Karl Otto Pohl, the Bundesbank president, that West Germany has done what it can to stimulate its economy.

But dealers said they considered the rise largely technical and temporary, especially in light of the continuing U.S. trade deficit.

Mr. Pohl's comments underlined market concern that West Germany and Japan are not prepared to stimulate their economies further to reduce the U.S. deficit, dealers said, leaving the task to a further devaluation of the dollar alone.

"It might have more upside in the near-term, but there's been no turnaround in sentiment," said Nair.

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## Taiwan Stocks

## In Record Drop

## As Credit Is Cut

TAIPEI — Prices on the Taiwan Stock Exchange plummeted Tuesday in reaction to credit-tightening measures announced on Saturday.

The stock index dropped a record 153.39 points, eroding the market's value by 3.4 percent.

Brokers said the plunge, which knocked the index to 4,318.23 from a record 4,471.62 on Saturday, followed a decision by the local Securities and Exchange Commission to cut the amount of a stock that can be bought with margin loans to 20 percent from 30 percent.

Liquidity from a huge trading surplus is main reason for the market, closed Monday for a holiday, has been rising.

The drop came on record volume of 32.9 billion Taiwan dollars (\$1.09 billion). But an exchange official said that 90 stocks, more than half the 133 stocks listed, ended higher.

Earlier in Europe, the dollar was fixed in Paris at 6.1318 French francs from 6.0835.

In Zurich, the dollar closed at 1.5258 Swiss francs, up from 1.5130.

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## U.S. Bonds Decline on Supply, Rate Worries

NEW YORK — Prices of U.S. government bonds dropped more than 1 point Tuesday, sending yields to their highest levels in nearly two years.

Dealers said the market was depressed by prospects of a flood of new U.S. Treasury issues and worries over the impact of rising interest rates overseas.

The benchmark 30-year bond closed at 91 7/32, down from 92 10/32 on Monday, a loss of \$12.50 for each \$1,000 face amount. The yield jumped to its highest level in 21 months, 9.81 percent from 9.67 percent.

Market participants said a higher dollar on foreign exchange markets failed to dispel the credit market's bearish sentiment. "The mood of the market is that rates will continue to rise," said Charles Schaefer of Discount Corp.

There was no follow-through in the market "despite" the higher dollar, he said.

Already lower at midday, prices fell further when U.S. interest rate futures closed near the day's lows.

The belief that yields will have to rise to attract investors for the \$70.9 billion in debt securities being offered by the Treasury over the next two weeks contributed to selling pressure, traders said.

These auctions began Tuesday when the Treasury sold \$9.26 billion of two-year notes with an average yield of 8.57 percent, at the top end of analysts' expectations. The coupon was set at 8.50 percent and the average price was 99.874.

Bids surpassed the required amount by a relatively modest 2.6 times, and the highest accepted yield was 8.59 percent. This spread over the average yield was another sign of only modest demand.

The average yield was up from 7.86 percent at the last auction of two-year notes on Aug. 26 and was the highest since the 8.58 percent result on Dec. 2, 1985.

The inability of debt futures to rise in the face of strong gains in the dollar and losses in gold prices — both of which were positive developments for the inflation outlook — also was a sign of moderating weakness, dealers said.

The market also remains concerned about the impact of rising interest rates worldwide. Higher rates abroad effectively diminish the attraction of holding U.S. dollar securities.

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## NONWORKERS: As U.S. Jobs Multiply, Millions Feel Work Doesn't Pay

(Continued from first page)

is unwilling to seek a low-wage restaurant job.

"That is work for kids, not for an older woman with responsibilities," she declared.

So Mrs. Nieves will stay out of the job hunt, and out of the Labor Department's unemployment statistics, getting by on her husband's wages (he earns \$8.50 an hour fixing sewing machines at Fidelity) and on help from three grown children.

Millions of nonworkers and marginal workers are among the more than 20 million Americans living in poverty.

One condition feeds on the other, with overcrowded housing, poor health, lack of child care and isolation in city slums all serving as barriers to work. "When you have a part of the society that has been impoverished, then you have also made them unemployable," said Barry Bluestone, an economics professor at Northeastern University in Boston.

Higher wages might help. In fact, E.T. Channing, a federally funded job-training program in Boston, aims at placing its clients, most of them single mothers on welfare, in jobs paying above \$6.50 an hour, or \$13,500 a year.

"These women want to work, but at lower pay than this, racism is high," said Thomas Glynn, a deputy commissioner of the Massachusetts Public Welfare Department, who runs the program.

Apart from the education and pay issues, employers resist dealing with people long out of jobs. "The big problem is that no one is knocking on the doors of these hard-core people and saying here is opportunity," said Mr. Glynn. His program places 600 women a month, often providing medical insurance and paying child-care costs during the woman's first year on the job.

Resistance by employers takes several forms. A number of personnel executives are reluctant to hire anyone without a high school diploma or previous job experience, both considered basic indicators of an applicant's ability to show up

regularly and to work well with others.

And only a handful of companies, even in Boston, train people to qualify for entry-level jobs, or to advance once they are in them.

In a service economy, there are other requirements, too. Even the lowest-paid, least-skilled employee must deal with customers, and management often insists on "a basic standard of appearance."

"You have to look good, be able to spell, not be too fat, have all your teeth — and all that for \$5 an hour," said a social service agency official.

Mr. Bluestone of Northeastern University adds: "A bank teller needs to be a person with a certain

dominance, someone who at least can command the idea of middle class. Even a fast-food restaurant wants someone who not only can cook the soup, but can smile and talk."

Such people also have to be available for work. That is a huge issue among the growing number of single mothers, who worry that salaries would not be high enough to offset the loss of welfare payments and the outlay for child care.

In Massachusetts and New York, for example, a mother with two children making \$750 a month could see her cash grant cut to \$120 a month, from \$550, and estimated earnings after four months. Medicaid, however, continues for an additional five months in every state, and in some up to 11 months.

The training is primarily in basic skills, such as reading and math, to prepare people for jobs beyond the sort of counter work available in a fast-food restaurant at \$4 or \$5 an hour.

Thus far, most of the publicly funded job training has been channeled not through the welfare system but through such programs as the Job Corps, the Private Industry Council, E.T. Choice in Boston and various other social service agencies.

What Mr. Moyinhan would add to the welfare pot, for the first time, is what he envisions as an unlimited flow of funds for job training. The Congressional Budget Office estimates the cost of the training at \$2.3 billion over five years.

The condition of welfare mothers now is such a nightmare of poverty that work can only be an improvement," Mr. Moyinhan said. "And if they do it, in time their lot will improve, particularly with the job training provision."

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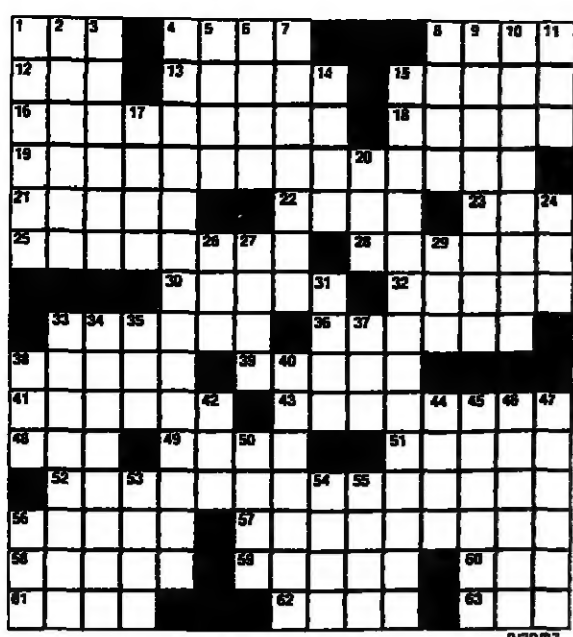
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**ACROSS**

1 Garfield, for one  
4 Stockbroker's advice, at times  
6 "Old MacDonald"  
12 Parshegion of coaching fame  
13 Lusitania's under  
15 "Work it Out," Beatles hit  
16 Noisemaker of sorts  
18 Hopping mad  
19 Hit song in 1945  
21 Rhine feeder  
22 Stunted plant, e.g.  
23 Wallace or Whitney  
25 Latin lass's title  
28 Green alga  
30 Parisian's "Eureka!"  
32 Acropolis sight  
33 Famous American wino  
36 Gordon or Duncan  
38 Impassive  
39 Tomato blight  
41 Beauticians' purchases  
43 Set loose

**DOWN**

1 French seaport  
2 Sound the alarm  
3 Make tight  
4 Common essay theme  
5 Black, to Byron  
6 Gossett and Gehrig  
7 Wishbone offense option  
8 Area's mother  
9 Ivory-tower milieu  
10 News-flash intro  
11 Chemical ending  
14 Array of, for short  
15 Place to find ice sculptures  
17 Silver peso  
20 Word with tail or dead  
24 Driver's lic. et al.  
26 Chut  
27 Mah-jongg piece  
29 Big—Calif.  
31 So be it  
33 They often top  
34 Composer of program music  
35 Brooch  
37 Embassy dipl.  
38 Haggard  
40 Maid's implement  
42 E.M.K. is one  
44 Island off Scotland  
45 Quails  
46 Kind of arch  
47 Yardwork equipment  
50 "— in one  
53 Chartres chessmen  
54 Costa  
55 Aircraft-related prefix  
56 Hawaiian hawks

**ACROSS**

48 A Riviera season  
49 P.C.A. supporters  
51 Can-U.S. defense org.  
52 Baseball warm-up  
56 Myriad, numerically  
57 Injustice  
58 — a million  
59 Spinal bases  
60 Sound with choo or plunk  
61 Speedy travelers  
62 The pokey, to  
63 Wall, Sesame and Easy: Abbr.

**DOWN**

1 French seaport  
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50 "— in one  
53 Chartres chessmen  
54 Costa  
55 Aircraft-related prefix  
56 Hawaiian hawks

## PEANUTS



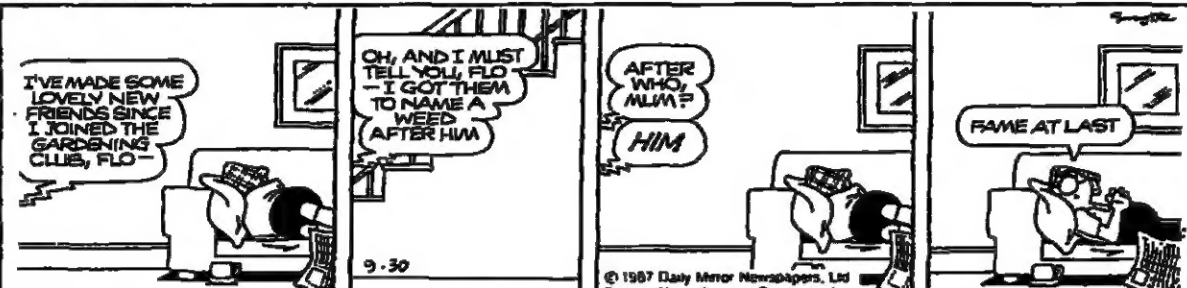
## BLONDE



## BEELE BAILEY



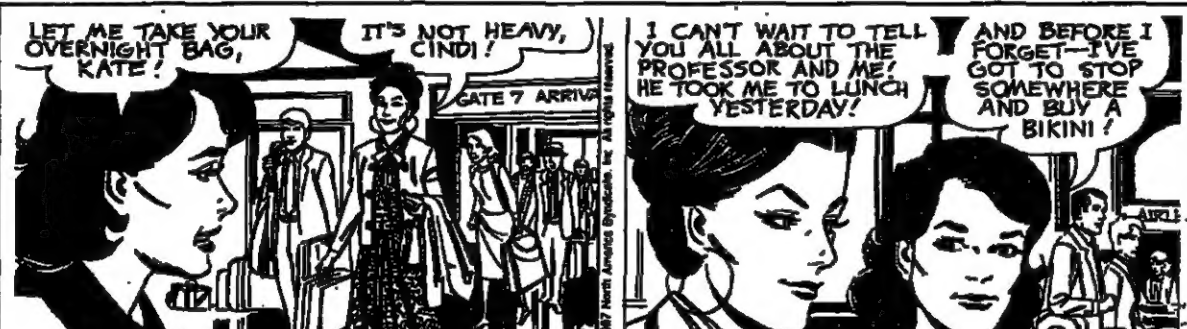
## ANDY CAPP



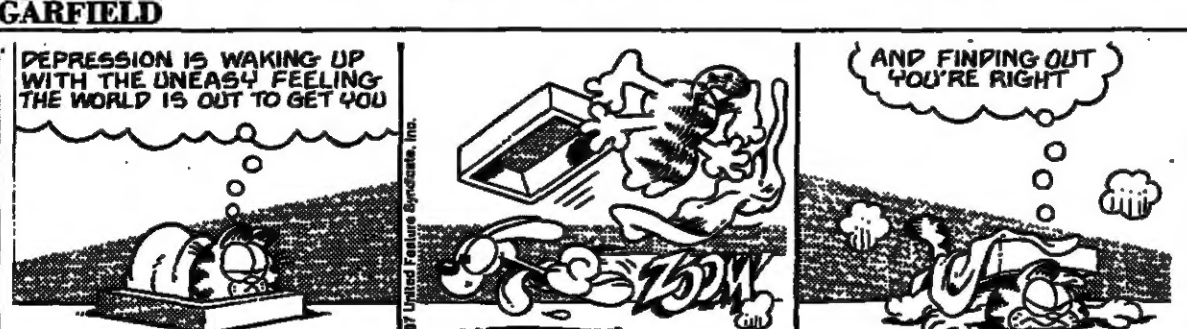
## WIZARD OF ID



## REX MORGAN



## GARFIELD



## JUMBLE



## WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	14	9	10	4	1
Amsterdam	14	9	10	4	1
Antwerp	14	9	10	4	1
Berlin	14	9	10	4	1
Bombay	14	9	10	4	1
Buenos Aires	14	9	10	4	1
Calcutta	14	9	10	4	1
Canton	14	9	10	4	1
Colon	14	9	10	4	1
Hankow	14	9	10	4	1
Hong Kong	14	9	10	4	1
Kobe	14	9	10	4	1
London	14	9	10	4	1
Lyons	14	9	10	4	1
Manila	14	9	10	4	1
Medan	14	9	10	4	1
Osaka	14	9	10	4	1
Paris	14	9	10	4	1
Shanghai	14	9	10	4	1
Singapore	14	9	10	4	1
Taipei	14	9	10	4	1
Tokyo	14	9	10	4	1
Yokohama	14	9	10	4	1

## BOOKS

## JAGUARS RIPPED MY FLESH:

Adventure Is a Risky Business  
By Tim Cahill. 306 pages. \$8.95. Bantam Books Inc., 666 Fifth Avenue, New York, N.Y. 10103.

Reviewed by Dennis Drabell

REFERENCE is a specialty of Tim Cahill's prose, and he ranks among its specialists. One of the writers who helped Rolling Stone's Jane Wanner launch Outside magazine in 1976, Cahill generally steps into the outdoors with tongue in or near cheek, as the title of his new book suggests.

The funniest pieces in this collection from the pages of Outside, Geo and other magazines constitute what might be called the Tim Tries Sequence. Rock-climbing, hang-gliding, parachute-jumping, ballooning, cave-exploring, hurricane-eye-flying (as a passenger, not a pilot), Cahill just says yes to them all. He portrays his editors as a passed of knee-slapping sadists whose chief pleasure in life consists of landing him in some new, terrifying soup.

What lifts these pieces above the level of counterculture high jinks is the quality of Cahill's prose and the depth of his knowledge. He can evoke natural phenomena as vividly as any writer I'm familiar with. This is from his sketch of the devastated earth near post-eruption Mount St. Helens: "The color below is constant, a combination of the brown of the mud and of the black and the yellow-white of the ash. It is like no other color on the face of the earth, and it stretches, constant, from horizon to horizon. It insults the eyes, this color, and it will not allow the mind to fasten upon it. The color excites a sense of horror; it is like looking at the carcass of a skinned animal."

His informed explanations of natural phenomena inside the book's winter (the sap inside them expands when frozen) and how turtles probably evolved ("from a marsh-dwelling lizard that hunched its shoulders forward, protecting its head with hard scales, in case of attack"). The turtle essay, "The Shame of Escobilla," is indeed the book's soul — one of the most effective examples of environmental reporting ever published. Here we see a somber Cahill — no jiving, no mugging — on a visit to a Mexican beach where a local grandee has built a hatchery to save the Olive Ridley sea turtle. Or so it seems. As Cahill stays on the scene, missing his plane home, probing more deeply, certain anomalies crop up. The number of

female turtles hitting the beach for egg sessions has been plummeting in recent years. The hatchery tubs are in use only on the camera crew shows up to film the operation and the hill of slaughtered turtles at the back suggests a quite different, and more sinister, story. Money unleashes some tongues, and Cahill realizes he is dealing with a slaughterhouse. Although the jury is still out on whether the Olive Ridley will recover from butchery, the species undoubtedly has a chance thanks to Cahill's article.

Dennis Drabell, a Washington writer, is the author of *The Washington Post*.

## BEST SELLERS

This list is based on information from the Publishers Weekly, which is based on the United States. Works on the list are consecutive.

Rank	Title	Author
1	PRESUMED INNOCENT	by Scott Turow
2	PATRIOT GAMES	by Tom Clancy
3	LEGACY	by James A. Michener
4	SARATOGA	by Robert Bly
5	MISERY	by Stephen King
6	FREEDOM	by William Safire
7	RELOVED	by David Mamet
8	WEEP NO MORE	by M. L. L. L.
9	DICK GENTLY'S HOLING DETROIT	by M. L. L. L.
10	THE FIVE BELLS AND BLADES	by Martin Armstrong
11	THE PRINCE OF TIDES	by Pat Conroy
12	THE SONG OF THE SHILOH	by Michael Crichton
13	POSTCARDS FROM THE EDGE	by Carole Fisher
14	THE NEW WARRIOR	by E. J. Goffin
15	THE HAUNTED MESA	by Louis L'Amour

## NONFICTION

1	SPYCATCHER	by Peter Wright with Paul Greenberg
2	THE CLOSING OF THE AMERICAN MIND	by Allan Bloom
3	IT'S ALL IN THE PLAYING	by Sidney M. Harris
4	THE GREAT DEPRESSION OF 1900	by R. B. Noyes
5	CULTURAL LITERACY	by E. D. Hirsch Jr.
6	MAN OF THE HOUSE: The Life and Political Memoirs of Speaker Tip O'Neill	by William Safire
7	STRAIGHT ON TILL MORNING	by Lewis L. Gould
8	LOVE, MEDICINE & MIRACLES	by Robert S. Lynd
9	ALL MY ANNA	by Fanny Davis and Kenneth Turner
10	FAMILY: The Life of the Mind	by E. J. Goffin
11	THE MAKING OF THE AFRICAN QUEEN	by Katherine Hepburn
12	THE SPY WORKS RED	by Allen C. Gribben
13	THE LIFE OF THE AMERICAN	by E. J. Goffin
14	LIFE AND DEATH IN SEANGHAI	by E. J. Goffin
15	THE DIFFERENT DRUM	by M. L. L. L.

## ADVICE, HOW-TO AND MISCELLANEOUS

1	WESTER'S NINTH NINE	by Robert S. Lynd
2	THE 3-WEEK CHOLESTEROL CURE	by Robert S. Lynd
3	HOW TO MARRY THE MAN OF YOUR CHOICE	by Margaret K. Ross
4	WESTER'S NINTH NINE	by Robert S. Lynd
5	THE 35-PLUS DIET FOR WOMEN	by Jean Perry Spodick and Barbara Gibbons

## BRIDGE

By Alan Truscott

ANYONE who wishes to raise money for a charity should consider following a recent English example. An accounting group was host of a bridge tournament to which 100 senior financial executives were invited, and generated more than \$16,000 for the Prince's Trust, which is headed by the Prince of Wales, and was established in 1976 to provide assistance to Britain's disadvantaged youth. Many of the financiers who bid to six spades on the diagrammed deal survived a slight misplay. The auction shows a solution to a familiar bidding problem: how to raise a major suit opening with balanced distribution and opening values.

The English style is to bid another suit and then jump to

game, the "delayed game."

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## Twins and Giants Win Western Division Pennants

ton, Terry Puhl hit a bases-loaded homer, and Glenn Davis also drove in four runs to lead the Astro rout of Los Angeles. Puhl had four hits and Davis three, including a three-run homer. Jim Deshaies (11-6) won for the first time since Aug. 16.

Brewers 6, Blue Jays 4: In the American League, in Toronto, Dale Sveen's bases-loaded double keyed a four-run fifth that carried Milwaukee. Limited to five hits, the Blue Jays nonetheless stayed 2½ games ahead of Detroit in the American League East.

Orioles 3, Tigers 6: In Detroit, rookie John Habyan won the Tigers to five hits over his 8½ innings, and Pete Sumchick, Fred Lynn and Eddie Murray all singled in runs. Habyan (6-5) did not allow more than one runner in any inning until the ninth.

Jack Marks (18-9, but 6-7 since the All-Star break) lost his third straight start. He struck out 10 but walked five and threw his 23rd wild pitch of the year, breaking the major-league record set last year by Bobby Witt of Texas.



into the upper deck in right field.  
Mariners 5, Royals 1: In Kansas City, Missouri, Lee Gnetterman and Jerry Reed combined on a six-hitter, and Phil Bradley drove in two runs as Seattle won its fourth straight. Gnetterman (10-4) recorded his first victory since July 29. Mark Gubicza, who has been supported by just 26 runs in his losses this season, dropped to 12-18.  
(UPI, AP)

**LONDON**—**Runner Sandra Gasser** of Switzerland failed a test for steroids at last month's IAAF track championships and has been barred from international competition for two years, including next summer's Olympics. It was announced Tuesday.

The International Amateur Athletic Federation also said Gasser had been stripped of her bronze medal in the 1,500 meters at the championships in Rome and her victory in the mile at the grand prix meet in Brussels six days later.

The IAAF said two urine samples from Gasser in Rome showed traces of testosterone, a banned synthetic hormone that can boost an athlete's performance. She was the only athlete cited for illegal drug use among 192 tested at the championships, which ended Sept. 6.

Gasser ran the 1,500 in Rome in 3 minutes, 59.06 seconds—13 seconds faster than her previous top international performance.

Gasser is among the first athletes penalized under new IAAF rules that provide automatic two-year bans and no appeal for first-time offenders found to have used steroids and most other performance en-

[illegible]

and those of us who do are, justly, proud of a lost generation. So perhaps we should let players on with their war games? Better it than the real thing. Or perhaps should denounce this callous interpretation of sport, with its quest to public order and its acceptance of cheating.

Either way, Wednesday's mood struck on vengeance and hysteria. The European Champions Cup match between Naples and Real Madrid bristles with famous Latins so cost me more than thoroughbred colts.

Napoliotes have waited their times to take on Europe. Eighty-three thousand have begged, bought or stolen to get inside San Paolo stadium.

It may be asking too much to expect every one of 360 accredited journalists (some from as far afield as Saudi Arabia, Kuwait and Japan) to come and go without being asked by Napoli's infamous pickpockets.

And it may be unreasonable to expect prima donna players will play by the rules.

Diego Maradona, Salvatore Schuster and Fernando De Napoli, issuing a "see Naples and be warned" Real Madrid cannot expect

even more impatient. "I'm getting very restless," he said. "I want to know what's going on. If the negotiators that they have now can't get the thing done, maybe we should bring in a whole new crew on both sides. We went out for 57 years in 1982 and got what we were offered before we went out. There's nowhere near as much solidarity as there was in 1982."

WILLIAMS, a 12-year veteran, told the Cincinnati Post: "If the Cincinnati Reds are lining up to say a game that coming in the standings and toward the Super Bowl, I plan to be there."

Uptown met with players from West Coast teams on Sunday in Los Angeles, then went to Chicago where he met with representatives from the Midwestern teams Monday. He met with players in Atlanta and New York Tuesday.

He emphasized the purpose of the visits is not to show up what has been perceived as deteriorating union sentiment for so long. "The idea is to go first at the top," Williams said. "This is the first of a series of meetings. I'm conducting over the next couple of days to inform the masses of what's going on. The

players understand now that free agency is just as important as the pension. I think they understand the whole process better."

At a meeting Tuesday in New York, NFL owners were expected to deal more with preparing a full slate of replacement games this weekend than with further negotiations.

"I think that if we play on Sunday and we're successful, that does create additional pressure on the players," said Jack Doonan, executive director of the management council, the owners' negotiating arm.

[But Upshaw said Tuesday that he will muster striking players and organized labor to disrupt the games. The Associated Press reported from Chicago. "We're going to do whatever is necessary to stop these games," he said.]

## Public Favors The Owners

*The Associated Press*  
WASHINGTON — A national

**WASHINGTON** — A national opinion survey shows Americans overwhelmingly siding with the owners rather than the players in the current National Football League contract dispute.

In a Wirthlin Group survey conducted last week among 1,000 adults, 47 percent of all respondents said they side with the owners and 52 percent with the players; 25 percent said they had no opinion.

A similar poll in 1982 found that 57 percent favored the owners and 43 percent sided with the players.

In the telephone poll, taken between Sept. 21-25, people were asked, "As you may know, there is currently a contract dispute in the National Football League between the owners and the players. From what you've heard and read, would you say you are generally more sympathetic toward the players' position or the owners' position?"

The terms "players" and "owners" were rotated to avoid order bias.

The poll has a margin of error of 40 percent.





